



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

Executive Offices • 433 South Vermont Avenue • Los Angeles, CA 90020-1975 • (213) 738-2961

May 29, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

43 May 29, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**LEASE AGREEMENT FOR
THE MANAGEMENT AND OPERATION OF THE
EL CARISO GOLF COURSE
(SUPERVISORIAL DISTRICT 3) (3- VOTES)**

SUBJECT

The recommended actions will award a five year lease agreement for the management, operation, and maintenance of the El Cariso Golf Course, which will ensure that the facility remains open and available to the public.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the approval of the attached lease agreement is categorically exempt from the California Environmental Quality Act because the agreement involves leasing a facility with no expansion of existing use.
2. Approve and instruct the Director of the Department of Parks and Recreation to execute a five year lease agreement with American Golf Corporation Holdings-El Cariso LLC, for the management and operation of the El Cariso County Golf Course, effective June 1, 2012.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the El Cariso Golf Course (Course) to remain open for continued and uninterrupted service to the public, by authorizing the award of a five year lease agreement with American Golf Corporation Holdings-El Cariso LLC (AGC).

Award of the subject lease agreement to AGC will enable the Department of Parks and Recreation

(Department) to continue Course operations when the current operator, Western Golf Properties, LLC (Western) ceases operations on May 31, 2012. The incumbent Lessee, Zeke Avila & Sons Inc., doing business as Avila Golf Management (AGM), entered into probate in 2010 and the Trust appointed Western as the managing agent of the Course. On April 5, 2012, Western notified the Department that the Trust directed it to cease its operations at the Course, effective May 31, 2012, and that it will release the asset back to the County. AGM is currently delinquent in its rent obligations to the Department. Accordingly, the Department is considering various options in order to collect back rent due to the County.

Upon receiving notice that Western would cease operations, the Department considered options including operating the Course itself beginning June 1, 2012, but; the Department is not currently resourced to manage a golf course and it could not implement such change by the June 1st date.

Closure of the facility while searching for a new operator was considered, but that would result in a lengthy lapse in public access to this recreational facility and a loss in opportunity for revenue. In addition, the contract solicitation process will take months, during which time the condition of the Course will deteriorate.

The most feasible option was canvassing all current County golf course operators to assume management of the Course. AGC submitted a proposal for this purpose that the Department has determined to be fair and practical, considering the urgent situation. The agreement has been approved as to form by County Counsel and the Chief Executive Office.

Awarding the recommended lease agreement to AGC will avoid course closure and missed opportunities for revenue and will prevent deterioration of the Course's condition from a lapse in day-to-day maintenance. Prior to the end of the lease agreement, the Department will solicit bids and award a long term operating lease agreement for the Course,

The recommended lease agreement's total term is five years, for a total of 60 months in rental fee revenues to be collected. The attached chart (Attachment I) delineates the 60 month rental fee schedule. Year one rental is well below that of years two through five. This is due to the startup expenses incurred by the new operator and the short term of the lease period for amortization of the same.

A portion of these revenues will be deposited into trust accounts to fund golf course improvements at the El Cariso Golf Course. The remaining amount will be deposited into the Department's Operating Budget to fund ongoing operations.

Implementation of Strategic Plan Goals

The proposed lease agreement will further the County's Strategic Plan of Operational Effectiveness (Goal 1) by maximizing the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public service and; Fiscal Sustainability (Goal 2) by strengthening and enhancing the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship.

FISCAL IMPACT/FINANCING

Your Board's approval of the recommended actions will result in additional benefit to the County, in the form of rental fees. Based on the terms of the agreement, it is estimated that the Department's Operating Budget will realize golf course revenues, totaling \$427,698 over the recommended five

year term. This revenue will be collected on a monthly basis, based on the 60 month rental fee schedule shown in Attachment I. Based on these projections, the Department will adjust its operating revenue estimates for FYs 2011-12 and 2012-13 accordingly. The Department does not expect any operating cost increase resulting from the Lease Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized by the provision of Government Code Section 25907 to lease County park and recreation real property for the provision of services and property improvements that are consistent with public park and recreation purposes. The proposed Lease Agreement is consistent with said purposes.

The term of this Lease Agreement with American Golf Corporation Holdings-El Cariso LLC (AGC-El Cariso LLC), is for five years and includes a provision whereby AGC-El Cariso LLC may terminate the Lease Agreement during the first three years of the term, upon a 180-day written notice and providing AGC-El Cariso LLC is compliant with the terms and conditions of the Lease Agreement.

This Lease Agreement contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Responsibility and Debarment, Los Angeles County Code Chapter 2.202; the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; the Defaulted Property Tax Reduction Program, Los Angeles County Code 2.206; compliance with the County's smoking ban ordinance, Los Angeles County Code Title 17, Sections 17.04.185 through 17.04.650; compliance with the County's policy on restricting its purchase and use of Expanded Polystyrene containers; participation in the County's Artificial Trans Fat Reduction Program; and the standard Board-directed clauses that provide for contract termination or renegotiation.

However, in order to ensure the continued viability of El Cariso, the Department recommends the following deviations from the County's standard terms and conditions:

- **Indemnification:** Due to the short term of the recommended lease agreement, and the lessee's ability to realize a fair profit, it is recommended that the County shall retain prior and ongoing responsibility for all matters relating to any preexisting environmental issues at the Course, and for any structural conditions at the existing clubhouse and maintenance yard, and shall indemnify Lessee for all matters relating thereto.
- **Termination for Convenience:** Due to the short term of the recommended lease agreement, and the lessee's ability to realize a fair profit, it is recommended that the County not include the right for the County to terminate for convenience. However, the provision for Events of Default remains in the lease agreement. Moreover, the agreement allows for the lessee to terminate for convenience upon 180 days notice to the County.
- **Rent:** Due to environmental, safety and liability concerns, it is the County's intent to close the existing clubhouse and install temporary trailers, which will result in a decrease in revenues. As a result, the lessee's ability to realize a fair profit is limited. Therefore, it is recommended that the County amend its current rent structure from a percentage basis to a monthly fixed rent. In addition to the monthly rental fee, the lessee shall pay the County 10 percent of the annual gross receipts received above \$1,600,000 on an annual basis. This modified rent structure will generate a \$427,698 over the recommended 5 year term. Finally, lessee will contribute up to \$2,000 monthly

toward the cost of rental of a temporary facility to use while the clubhouse is closed.

AGC-EI Cariso LLC has executed the attached Lease Agreement and will provide the required insurance policies prior to the start of this Lease Agreement naming the County of Los Angeles as an additional insured.

County Counsel has approved this Lease Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

The approval of the lease agreement is categorically exempt from the California Environmental Quality Act (CEQA) according to Section 15301 of the State CEQA Guidelines and Class 1r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 because the agreement involves leasing a facility with no expansion of existing use.

CONTRACTING PROCESS

On April 9, 2012, the Department contacted three lessees that are currently operating in the County golf system and that are in good standing with the Department: Santa Anita Associates, Alondra Golf Course Inc., and American Golf Corporation. Each of the lessees was given one week to determine if they would be able to manage, operate, and maintain the El Cariso County Golf Course and how to best serve the public.

On April 10, 2012, AGC replied that AGC would be interested in the management, operation, and maintenance of El Cariso County Golf Course under their subsidiary, AGC-EI Cariso LLC.

On April 16, 2012, Alondra Golf Course Inc., and Santa Anita Associates replied that they would not be interested.

On April 17, 2012, the Department commenced negotiations with AGC.

It should be noted that upon final analysis and award, AGC was selected without regard to gender, race, creed, or color.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current public services.

CONCLUSION

It is requested that an adopted copy of the action taken by the Board, and a fully executed copy of the attached Lease Agreement be mailed to: American Golf Corporation Holdings-EI Cariso LLC, Attention: Keith Brown, 2951 28th Street, Santa Monica, CA 90405. In addition, it is requested that one adopted copy be sent to the Treasurer and Tax Collector, one adopted copy be sent to the Assessor, and three adopted copies be forwarded to the Department of Parks and Recreation.

The Honorable Board of Supervisors

5/29/2012

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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Russ Guiney".

RUSS GUINEY

Director

RG:RM:KEH

JB:MG:rc

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

**EL CARISO COUNTY GOLF COURSE
RENTAL FEE SCHEDULE**

TOTAL TERM OF LEASE AGREEMENT IS 60 MONTHS		
Fiscal Year	60 Month Rental Schedule	Incoming Rent
2011 - 2012	1 month	\$1,000
2012 - 2013	12 months	\$35,000
2013 - 2014	12 months	\$100,008
2014 - 2015	12 months	\$100,008
2015 - 2016	12 months	\$100,008
2016 - 2017	11 months	\$91,674
TOTAL		\$427,698

LEASE AGREEMENT



BY AND BETWEEN

**COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION**

AND

AGC HOLDINGS-EL CARISO LLC

FOR THE

**Management, Operation, and Maintenance
of the
El Cariso County Golf Course**

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**MANAGEMENT LEASE AGREEMENT FOR THE
MANAGEMENT, OPERATION AND MAINTENANCE OF THE
EL CARISO GOLF COURSE**

THIS MANAGEMENT LEASE AGREEMENT, made and entered into this _____
day of _____, 2012,

BY AND BETWEEN

COUNTY OF LOS ANGELES, a
body corporate and politic,
hereinafter referred to as
"County,"

AND

AGC Holdings-El Cariso, LLC,
hereinafter referred to as "Lessee,"

RECITALS

WHEREAS, County owns El Cariso County Golf Course; and

WHEREAS, the County Board of Supervisors is authorized by the provision of Government Code Section 25907 to lease County park and recreation real property for the provision of services and property improvements consistent with public park and recreation purposes; and

WHEREAS, a lease of the El Cariso County Golf Course property providing for the overall management, operation, maintenance of grounds and facilities, collection of fees, and provision of golf professional, food and beverage services, and containing appropriate controls to ensure public use of the facilities is consistent with said purposes; and

WHEREAS, County and Lessee agree that the primary objective for Lessee's performance under this Agreement is to maximize the public use of El Cariso County Golf Course and the revenue to be received by the County as a result thereof;

WHEREAS, although the Golf Course Manual of the County of Los Angeles Department of Parks and Recreation is attached hereto as Exhibit A, it is the intention

hereof that the provisions in the text or body of this Lease shall prevail over any inconsistent provisions in said manual.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto and each of them do agree as follows:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H and I are attached hereto and form a part of this Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Agreement and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Agreement and then to the Exhibits according to the following priority:

- 1.1 EXHIBIT A - Department Manual for County Golf Course Operations
- 1.2 EXHIBIT B - Proposed Rent to the County
- 1.3 EXHIBIT C - Demised Premises
- 1.4 EXHIBIT D - County Fees and Charges
- 1.5 EXHIBIT E - General Maintenance Specifications
- 1.6 EXHIBIT F - Internal Revenue Service Notice 1015
- 1.7 EXHIBIT G - Safely Surrendered Baby Law
- 1.8 EXHIBIT H - Lessee's Equal Employment Opportunity Certification
- 1.9 EXHIBIT I - Defaulted Property Tax Reduction Ordinance

2.0 DEFINITIONS

- 2.1 The headings herein contained are for convenience and reference only and are not intended to define or limit the scope of any provision thereof.
- 2.2 The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used:

- 2.2.1 **Agreement Year:** the 365 day period commencing on the first day of the month following the approval of this Agreement by the Board

of Supervisors and each following 365 day period thereafter throughout the term of this Agreement.

2.2.2 **Auditor-Controller:** the Auditor-Controller of the County of Los Angeles or an authorized representative thereof.

2.2.3 **Beverage:** any liquid prepared by flavoring, heating and/or admixing in advance of consumption thereof, including alcoholic beverages as defined in the State Alcoholic Beverage Control Act.

2.2.4 **Board of Supervisors:** The Board of Supervisors of the County of Los Angeles acting as governing body or their designee.

2.2.5 **Building Official:** The Director of the County of Los Angeles Department of Public Works or an authorized representative thereof.

2.2.6 **Capital Improvement:** any construction project which, as determined by the Director, extends the useful life and/or increases the capacity of the golf course facility(ies).

2.2.7 **County:** the County of Los Angeles.

2.2.8 **Department:** The Los Angeles County Department of Parks and Recreation or an authorized representative thereof.

2.2.9 **Director:** the Director of the County of Los Angeles Department of Parks and Recreation or an authorized representative thereof.

2.2.10 **Golf Course Operation:** the privilege of engaging in the golf activities authorized herein on the public property designated therefor.

2.2.11 **Gross Receipts:** Except as specifically provided by policy statement issued by the Director, the term "gross receipts" as used in this Agreement, is defined to be all money, cash receipts, assets, property or other things of value, including but not limited to: gross charges, sales, rentals, fees and commissions made or earned by Lessee whether collected or accrued from any business, use or occupation, or any combination thereof, originating, transacted, or performed in whole or in part, on the premises, including but not

limited to rentals, the rendering or supplying of services and the sale of goods, wares or merchandise. Gross receipts shall include the amount of any manufacturer's or importer's excise tax included in the prices of any property or material sold, even though the manufacturer or importer is also the retailer thereof, and it is immaterial whether the amount of such excise tax is stated as a separate charge.

- a. Except by policy statement issued by Director, there shall be no deduction from gross receipts for any overhead cost or expense of operations, such as, but without limitation to salaries, wages, costs of goods, interest, debt amortization, credit, collection costs, discount from credit card operations, insurance and taxes.
- b. Except as specifically provided below or by policy statement issued by the Director, gross receipts reported by Lessee must include the full usual charges for any services, goods, rentals or facilities provided by Lessee. Gross receipts shall not include the following: direct taxes imposed upon the consumer and collected therefrom by the Lessee such as, but not limited to, Federal, State, or Municipal retail sales taxes, or related direct taxes, which are direct taxes paid periodically by Lessee to a governmental agency accompanied by a tax return statement.
- c. The Director, by policy statement consistent with recognized and accepted business and accounting practices, upon consultation with Lessee, and with the approval of the Auditor-Controller and County Counsel, may further interpret the term "gross receipts" as used in this Agreement.

2.2.12 Gross Sales Price: The total consideration resulting from the transfer of Lessee's interest in the concession, or portion thereof, determined by the total cash payments and the market value of all non-cash consideration, including, but not limited to, stocks, bonds,

deferred payments, secured and unsecured notes, and forbearances regarding claims and judgments.

2.2.13 Inclement Weather: Weather conditions that include, but are not limited to, rain, flooding, extreme cold or heat, that may impair travel conditions, cause power outages, or otherwise impede public safety or make opening a facility impossible or more difficult.

2.2.14 Percentage Rental Due: For the purposes of this Lease, the words "percentage rental due" mean the Lessee's liability for a specific number of years under review as determined by the calculation of rental due to County through the application of the percentages set forth in Section 6.1 of this Lease.

2.2.15 State: the State of California.

3.0 DEMISED PREMISES

- 3.1 County hereby leases to Lessee for its management and operation of a golf course upon the designated grounds within the real property consisting of El Cariso County Golf Course.
- 3.2 The demised premises, as shown on the attached Exhibit C which by this reference is incorporated herein, shall be used only and exclusively for golf course operations and such other purposes as are related thereto provided express approval therefor is granted by the County's Director of the Department of Parks and Recreation (Director) and for no other purposes whatsoever.
- 3.3 Lessee acknowledges personal inspection of the demised premises and the surrounding area and evaluation of the extent to which the physical condition thereof will affect the operation of the golf course. Lessee accepts the demised premises in its present condition and agrees to make no demands upon County for any improvements or alteration thereof, except as otherwise set forth in this agreement.
- 3.4 Any improvements, additions, alterations or changes to the demised premises shall be subject to: prior approval by the Director; securing of

applicable permits by Lessee; and compliance with such terms and conditions as may be imposed thereon by the Director.

- 3.5 Lessee hereby acknowledges the title of County, and/or any other public agencies having jurisdiction thereover, in and to the demised premises and the improvements located thereon, and covenants and agrees never to assail, contest or resist said title.
- 3.6 With the exception of any temporary facilities or structures as referenced in 6.2, below, ownership of all existing structures, and of all structures, buildings and/or improvements constructed by Lessee upon the demised premises and all alterations, additions or betterments thereto, shall immediately vest and be vested in County at all times during and after the term hereof, without compensation being paid therefor. Such structures, buildings and/or improvements shall be surrendered to County with the remainder of the demised premises upon termination of this Agreement.

4.0 LESSEE'S BASIC OBLIGATION

4.1 Golf Professional

A. Use Granted

Lessee is hereby authorized and required to sell, rent, store and repair golf equipment, clothing and supplies; provide instructional services in the play of golf; rent golf carts and operate a driving range.

B. Merchandise

Lessee shall provide and maintain the necessary inventory of golf merchandise required to meet the needs of the public therefor.

C. Golf Instruction

Golf shall be taught only by qualified instructors whose qualifications have been approved in writing by the Director. Golf instructors shall observe the rules and regulations for the play of golf on County golf courses as shown in the Golf Course

Manual, a copy of which is attached hereto as Exhibit A, in the use of the golf course for instructional purposes.

D. Golf Carts

1. Lessee shall provide a total of not less than sixty (60) power driven golf carts. In addition, Lessee shall provide enough manually operated golf carts to meet the public demand therefor at the Demised Premises. The Lessee may prohibit the use of golf carts on the golf course whenever weather conditions expose the user to danger or the golf course to damage arising from the operation thereon. All golf carts and the maintenance thereof shall comply with the specifications and maintenance requirements therefor as set forth in Exhibit A attached hereto.
2. Pursuant to the Department's commitment to non-discrimination on the basis of disability, Lessee shall maintain at least one (1) equally accessible golf cart that is operational at all times and in addition to the total number golf carts identified above.

E. Junior Golf Program

Lessee shall cooperate with the Director in the promotion of the Department's Junior Golf Program by providing without charge to County or participants therein group lessons, range balls, general golf instruction and junior tournaments. The number of tournaments is identified in the attached Exhibit A, Golf Course Manual, Chapter 1, Section 3, Subsection I, Tournaments, (3)(f).

4.2 Clubhouse/Coffee Shop

A. Use Granted

Lessee is hereby authorized and required to sell food and beverages within the Demised Premises.

B. Lessee's Staff

Lessee shall not employ as a member of its food and beverage staff any person who cannot produce a certificate showing that within the last two years the person has been examined and has been found to be free of communicable tuberculosis. "Certificate" means a document signed by the examining physician and surgeon who is licensed under Chapter 5 (commencing with Section 2000), Division 2 of the State Business and Professions Code or a notice from a public health agency that indicates freedom from active tuberculosis.

C. Days and Hours of Operation

Lessee shall open the coffee shop for business each and every day no later than thirty (30) minutes before the first golfer begins play. The coffee shop shall remain open throughout the day and shall be closed no sooner than thirty (30) minutes after the last golfer finishes play. Lessee may be permitted to close during periods of inclement weather.

D. Merchandise

Lessee shall provide and maintain the necessary inventory of food and beverage merchandise required to meet the needs of the public therefor. All foods and beverages sold or kept for sale shall conform to the Federal, State, and County food laws, ordinances and regulations in all respects. No adulterated, misbranded or impure articles shall be sold or kept for sale by Lessee and all merchandise kept on hand by Lessee shall be stored and handled with due regard for sanitation. In the event food and beverage merchandise are below first class, the Director shall have the right to order the improvement of the quality of any food and beverage kept or offered for sale.

4.3 Starter Services and Marshaling

A. Use Granted

1. Lessee is hereby required to render and provide golf course starter services including but not limited to: the collection of green fees; collection of tournament fees; taking of reservations from the telephone and from patrons at the course and record on starter sheet; place golfer names on call sheet as necessary; send golfers to the tee and start them off at proper intervals in groups of five, four, three, two or as a single as applicable; receive requests from groups for tournaments, book tournaments and collect appropriate fees fifteen (15) days prior to tournament starting date; take all actions as necessary to speed play on course; enter golfers names on starter sheet and issue cash register receipt to each golfer as he pays his greens fee; total golf starter sheet at the end of each day's play and reconcile with fee category totals on cash register detail tape; open and close golf course at appropriate times; maintain daily log book detailing number of rounds played by fee categories and total amount of cash collected by fee category, and operate an on-line reservation system. Totals from the daily log book on the number of rounds of play by fee categories shall be submitted to the Director on a monthly basis within 10 days of the final day of the prior month.
2. Lessee acknowledges that major tournaments are currently and customarily held at El Cariso Golf Course and agrees to continue to accommodate and encourage such tournaments and to favorably consider suggestions for additional events intended to accommodate the public, increase golf play at the course, and otherwise mutually benefit the parties hereto. Lessee shall schedule reserved starting times for tournaments in accordance with established procedures as indicated in attached Exhibit A.

3. Lessee shall implement a marshaling program designed to speed-up play and said program shall be approved by the Director. Lessee shall provide for a minimum of twenty-four (24) hours of marshaling on a weekly basis, on busy weekdays and all weekends and holidays. The Lessee shall provide golf carts and trained golf course marshals for said program.

a. The marshals shall be trained to assist as well as monitor the golfer and to expedite play on the course. The marshal may be a paid employee or a volunteer. The marshal shall work with the golf starter and be part of the golf shop team and must be trained and easily identifiable on the course.

b. The marshal's carts shall be maintained with the regular golf cart fleet. Whether having electric or gas engines, said carts must carry the following equipment: roof; cargo box; and modifications as necessary to carry the special equipment hereinafter listed.

c. Marshals' Carts Special Equipment

All carts are to carry special equipment as follows: first aid kit with blanket, fast play hand-out cards, scorecards, pencils, golf rule book, communication equipment (walkie-talkie or comparable item).

B. Days and Hours of Operation

Lessee shall keep the starter's office open every day, including Sundays and holidays. The minimum hours of operation shall be 5:30 am to sunset on weekdays and 5:00 am to sunset on weekends and holidays. Any changes in the days and hours of operation heretofore prescribed shall be subject to written approval by the Director.

C. Equipment

If not otherwise provided, Lessee shall provide scorecards which scorecards shall be subject to prior written approval by the Director. Lessee shall provide the cash register, cash register tape, golf pencils and daily starter sheets required for the Lessee's performance pursuant to the terms of this Agreement.

4.4 Golf Course Advertising

- A. In accordance with the guidelines identified in Paragraph 14.1 hereinafter and at the Lessee's sole cost, the El Cariso Lessee shall publish, at a minimum and on a semi-annual basis, a printed advertisement promoting the El Cariso Golf Course. Such printed advertisement shall be not less than 4" x 5" in size and shall be published in a local or regional periodical or golf publication.
- B. The Lessee shall maintain a current website to be used in the promotion of the El Cariso Golf Course. The website may be specific to the El Cariso Golf Course or may be a link from the Lessees' company website.
- C. Advertisements outside of the Lessee's scope of services and products offered at the El Cariso Golf Course are prohibited. This includes advertising on, but not limited to: scorecards, benches, tee signs, ball washers, and carts.

4.5 General Maintenance

- A. Buildings and Equipment
 - 1. Except as otherwise set forth in this agreement, Lessee shall, at its sole cost, keep and maintain the demised premises and all structures, improvements, fixtures, trade fixtures, equipment and utilities, which may now or hereafter exist thereon, in good operable, useable and sanitary order and repair and in a good safe and first-class condition throughout the term of this agreement, making such repairs

and replacements, and doing such rebuilding and restoration as may be required to comply with the requirements of this Agreement.

2. Should Lessee fail, after ten (10) days notice from the County of the need thereof, to perform its obligations required hereunder, County in addition to all other available remedies may, but shall not be so obliged, enter upon the Demised Premises and perform Lessee's said failed obligations, using any equipment or materials on the Demised premises suitable for such purposes. Lessee shall forthwith on demand reimburse County for its costs so incurred, including direct and indirect overhead.
3. Except as otherwise set forth in this agreement, it is hereby understood and agreed by Lessee that the County does not have any duty nor shall it be called upon to make any improvements, replacements or repairs whatsoever to the demised premises and to any structures, improvements, fixtures, trade fixtures, equipment and utilities during the term hereof.

B. Grounds Maintenance

1. The Lessee shall have the exclusive duty, right and privilege to mow, edge, trim, overseed, fertilize, aerate, irrigate, sod, change cups, service tees, topdress, repair divots, rake traps, spray, mop, spot irrigate, syringe and renovate turf and shrub areas designated hereunder, as well as to provide weed control, disease and pest control, tree maintenance, irrigation system maintenance including mainlines, pumps, boosters and controllers, keep swales in good repair and the necessary maintenance of any appurtenant structures and equipment, and other duties as set forth in the attached Exhibit E, General Maintenance Specifications.

2. In regard to the level of maintenance, all work shall be performed in accordance with the highest industry-wide golf course maintenance standards at established frequencies so as to maintain the aesthetic level of the golf course with that of similar public golf courses in the area. Standards and frequencies may be modified from time to time as deemed necessary by the County for the proper maintenance of the El Cariso Golf Course.
 - a. Monthly inspections of all areas included in the Agreement shall be made by the County. The results of each inspection shall be recorded and retained for reference.
 - b. The Lessee shall provide a maintenance foreman and maintenance crew at the golf course daily during normal working hours, as determined by the County. All of the Lessee's maintenance personnel shall be supervised by a Class "A" superintendent (qualifications are described in the attached Exhibit A, Golf Course Manual) in the full-time employ of the Lessee. The Lessee shall employ sufficient personnel to perform the work as scheduled and approved by the County. All personnel shall be clean and neat at all times and wear appropriate clothing.
 - c. Should Lessee deem it necessary to purchase, lease, rent, or otherwise acquire additional grounds maintenance equipment, said acquisition shall be at no cost to the County, however, County waives any and all right or title to said acquired grounds maintenance equipment.
3. In regard to emergency services, the Lessee shall provide the County with the names and telephone numbers of at least two (2) qualified persons who can be called by County

representatives when emergency maintenance conditions occur during hours when the Lessee's normal work force is not present. The County shall call for such assistance only in the event of a genuine and substantial emergency. This section does not pertain to conditions rendering the course unusable as otherwise set forth herein.

4. In regard to the course being out of operation whenever play must be temporarily suspended on a golf facility due to inclement weather conditions, the decision on when to allow play to resume and when to allow carts to go out on the course, will be made by the Lessee.
5. In regard to equipment and materials to be provided by the Lessee:
 - a. The Lessee, at its own cost and expense, shall furnish all necessary equipment, supplies, and materials of good quality and in the amounts necessary to fulfill this Agreement and to accomplish an acceptable and professional level of maintenance. This equipment, supplies and materials shall include but not limited to:
 - i. all necessary gas, oil and spare parts for all equipment.
 - ii. all necessary top dressing, seed, fertilizers, fungicides, insecticides and herbicides
 - iii. parts necessary for the repair and maintenance of all irrigation systems.
 - iv. tee towels, soap, ball washers, putting green cups and flags, benches, trap rakes, tee markers, tee mats, trash receptacles, cleat brushes, and all other pertinent golf course equipment.
 - v. materials for the installation maintenance of French drain.

vi. USGA or like bunker sand for traps on an as needed basis as determined by the Director.

b. The Lessee shall secure the County's approval of the type of each supply, material, or equipment prior to its use or installation on golf course facilities.

4.6 Notice of Non-Performance

A. County's Right to Enter

Should the Lessee fail, after ten (10) days notice from the County of the need thereof, to perform its obligations hereunder, the County in addition to all other available remedies may, but shall not be so obliged, enter upon the demised premises and perform Lessee's said failed obligations using any equipment or materials on the premises suitable for such purposes. Lessee shall forthwith on demand, reimburse County for its cost so incurred including direct and indirect overhead.

B. Liquidated Damages

If the Director determines that there are deficiencies in the performance of this Agreement, the Director shall provide a written notice to the Lessee to correct the deficiency. The Lessee shall have ten (10) days upon receipt of written notification to correct the deficiency, except for repair of leaking valves, which must be corrected within twenty-four (24) hours following notification. If said deficiency is not corrected within the ten (10) day period, or the twenty-four (24) hour period as applicable, the sum of Two Hundred Fifty Dollars (\$250.00) is hereby agreed upon as the amount of damages that shall be sustained by the County for each day that the deficiency exists. Said amount has been set by the parties hereto in recognition of the difficulty in fixing actual damages.

5.0 TERM OF AGREEMENT

The term of the Agreement shall be for a period of five (5) years commencing on the first day of the month following the approval of this Agreement by the Board of Supervisors, unless terminated sooner as provided for herein.

6.0 CONSIDERATION

6.1 Commencing the effective date of this Lease and continuing through the remainder of the term of this Lease, the Lessee shall pay the County a monthly amount as follows:

6.1.1 During the first year of the term of this Lease, the Lessee shall pay to County:

- a. \$1,000 per month for the first six (6) months of the term;
- b. \$5,000 per month for the remaining six months.

6.1.2 During the second year through the fifth year of the term, the Lessee shall pay to County \$8,334 per month.

6.1.3 Additionally, the Lessee shall pay to the County twenty percent (20%) of the total annual gross receipts received above One Million Six Hundred Thousand Dollars (\$1,600,000). Said amount shall be determined by reviewing the Lessee's monthly rent statements and shall be due within forty-five (45) days of the close of the Agreement year.

6.2 County, at its sole expense and in its sole discretion, shall cause to be installed a temporary structure(s) to be used as a clubhouse. Upon installation of the temporary structure(s) by County, Lessee shall pay a maximum of Two Thousand Dollars (\$2,000) per month rental costs for the use of the structure(s). Should the actual cost for rental be less than Two Thousand Dollars a month lessee shall pay the lesser amount. Invoices for the rental costs shall be submitted monthly along with the Lessee's Rent and Rent Statement or under separate cover. However, the maximum \$2,000 contribution toward the temporary structure(s) shall be due at the same time as the Rent

- 6.3 In addition, Lessee agrees to pay County one dollar of each paid tournament registration fee collected in order to assist the County in funding the County's Junior Golf Program (JGP).
- 6.3.1 Lessee shall report, by separate line item, the aggregate of said payments derived from monthly tournament registration fees in the monthly revenue statement that accompanies its regular rent payment as required by the Lease.
- 6.3.2 County agrees to use such funds for its JGP only, and shall make every reasonable attempt to provide junior camps, clinics, tournaments and other special events as frequently as possible in accordance with its goals to serve all golf courses within its system.
- 6.4 The parties acknowledge and agree that the County had previously established a Golf Course Capital Improvement Program Fund (CIPF) for the demised premises. Said CIPF names, and is administered by, County as its sole trustee. The distribution of moneys deposited, and any interest earned thereon, shall be based on County's and Lessee's approved Capital Improvement Program as set forth in Section 10 hereinafter.
- 6.4.1 In order to ensure the Lessee's performance of the Capital Improvement Program, the Lessee agrees to collect the Golf Course Improvement Fee (GCIF), as outlined in Attachment D, Golf Course Green Fee Rates, and shall forward to the County one hundred percent (100%) of the GCIF collected.
- a. Said fees are not to be reported as a gross receipt and therefore, shall not be calculated in the rent to be paid to the County.
- b. Lessee shall report, by separate line item, the aggregate of said payments derived from the GCIF in the monthly revenue statement that accompanies its regular rent payment as required by the lease.

- c. County agrees that one hundred percent (100%) of the GCIF will be deposited in a separate Capital Improvement Account exclusively for said funds.
- d. Lessee agrees that the funds raised by the GCIF will be used for course improvements that directly affect the golfing experience at the course, including, but not limited to, refurbishment of greens, bunkers, tee boxes, etc., and major maintenance.
- e. Within thirty (30) days of the date first above written, Lessee shall submit a list of improvements to be funded from this GCIF and an implementation schedule to the Director for approval. Lessee shall, within thirty (30) days of receipt of Director's approval of the proposed improvements and the priority of funding those improvements, post in a public area of the golf course the approved list of improvements and schedule of project timelines so that the public can be aware of the golf course improvements to be funded from the GCIF. As improvements are completed, the Lessee shall update the posted list to reflect the implemented and planned improvements status. Lessee and the Director will coordinate updates to the list as appropriate so that the GCIF will be dedicated to improvements directly affecting the golfing experience. Nothing in this Lease shall prevent the Lessee and Director from coordinating on the improvements to be funded, or prevent the Director from proposing projects or from determining priority of funding from the GCIF. As the parties agree that the intent of the GCIF is to augment funding to directly improve the golfing experience, the parties agree that: The Director is authorized to make the final determination on improvements to be funded by the GCIF if the parties fail to agree on the list and implementation

schedule within six (6) months of the effective date of this Lease.

- f. County reserves the right from time to time to audit and verify from the related books and records of the Lessee to ensure that disbursement of funds from the GCIF are in keeping with the provisions of this Lease. In the event any disbursement of funds from the GCIF is not in accordance with the provisions of this Lease, as determined by the Director, Lessee shall reimburse the GCIF within thirty (30) days upon receipt of a written notice, plus an amount equal to the interest that would have accumulated on the amount from the time of disbursement until repayment.

6.4.3 It is expressly understood by both parties that any and all distributions from said CIPF shall be used exclusively for Capital Improvements involving the demised premises. At the termination of this Agreement, all unexpended moneys shall be retained by the County.

6.5 To the extent that a particular activity not otherwise provided for herein, the Director may establish a minimum monthly amount and/or percentage of gross receipts as payment for the privilege of engaging therein. Said amount shall be set by mutual consent of the Director and Lessee and shall be reasonable in accordance with the revenue to be generated therefrom.

6.6 Payment shall be made to the Department on or before the fifteenth (15th) day of the calendar month following each month of the term of this Agreement. Payment shall be by check or draft and made payable to the County of Los Angeles Department of Parks and Recreation. However, any check that is returned for non-sufficient funds, for any reason, the Lessee shall pay an additional thirty-three dollar (\$33) service fee. Payments shall be mailed or otherwise delivered to the Treasurer/Tax Collector, P.O. Box 54927, Los Angeles, California

90054-0927. A late payment charge of two percent (2%) compounded per month shall be added to any late payment received by the Treasurer/Tax Collector after the fifteenth day of the month. However, the late payment charge herein provided may be waived, whenever the Director finds the late payment excusable by reason of extenuating circumstances. At no time during the term of this Agreement shall the County be obligated to notify the Lessee of the accumulation of late payment charges.

7.0 CHANGES AND AMENDMENTS

- 7.1 The County's Board of Supervisors or its designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The Director reserves the right to add/or change such provisions as required by the County's Board of Supervisors. To implement such orders, an Amendment to the Agreement shall be prepared and executed by the Director and Lessee.
- 7.2 Notwithstanding the above, this document may be modified only by further written Agreement between the parties. Any such modification shall not be effective unless and until executed by Lessee and in the case of County, until approved by Board of Supervisors.

8.0 ACCOUNTING RECORDS

Lessee shall furnish the Director with a monthly gross receipts report showing the amount payable therefrom to the County. Such a report shall accompany each monthly payment required to be made as provided herein. The monthly reporting period shall be by calendar month rather than monthly anniversary date of the effective date of this Agreement. In addition thereto, Lessee shall furnish an annual profit and loss statement and a balance sheet prepared by a person and in a form acceptable to the County. The annual profit and loss statement shall be submitted to the Golf Operations Office within sixty (60) days of the close of the calendar year.

9.0 SECURITY DEPOSIT

- 9.1 Prior to the commencement of this Agreement, Lessee shall pay to the Director the sum of **Twenty-Five Thousand Dollars (\$25,000)** in the form of a cashier's check made payable to the Department of Parks and Recreation.
- 9.2 Said Security Deposit shall serve as security for faithful performance of all covenants, promises and conditions assumed herein by Lessee, and may be applied in satisfaction and/or mitigation of damages arising from a breach thereof, including, but not limited to, delinquent payments; correction of maintenance deficiencies; securing required insurance; loss of revenue due to abandonment, vacation or discontinuance of Lessee's operation; discrimination; refunding of deposits for scheduled future events which are required to be canceled due to abandonment, vacation or discontinuance of Lessee's operation; a breach of obligations assumed by Lessee herein with respect to the requirements therefore by County, including the payment of mechanic's liens. Application of amounts on deposit in satisfaction and/or mitigation of damages shall be without prejudice to the exercise of any other rights provided herein or by law to remedy a breach of this Agreement.
- 9.3 In the event any or all of said amount is applied in satisfaction and/or mitigation of damages Lessee shall immediately deposit such sums as are necessary to restore the Security Deposit to the full amount required hereunder.
- 9.4 Said Security Deposit shall be returned to Lessee upon termination of this Agreement less any amounts that may be withheld therefrom by County as heretofore provided.

10.0 REQUIRED CAPITAL IMPROVEMENT PROGRAM

- 10.1 Lessee shall prepare and annually submit for the review and approval by the Director, a proposed list of Capital Improvement Program (CIP) projects. Said list shall describe each proposed project, the estimated

improvement costs, and the intended time frame for commencement and completion of each proposed project. Implementation of the approved CIP project list shall be subject to the requirements set forth herein and in the Manual.

- 10.2 Lessee shall submit its proposed CIP list to the Director prior to the end of the first year of the term of this Agreement, and thereafter on an annual basis. Director shall notify Lessee of the approval, disapproval, or modification of said list within one hundred eighty (180) days following receipt of same. Director and Lessee may agree, from time to time that various capital improvement(s) mutually agreed upon, shall be completed as necessary to improve and/or ensure the usability of the premises. In the event that the Director and Lessee do not mutually agree upon capital improvement(s), then the Director has, at all times, the final decision on capital improvement(s) approval and implementation.
- 10.3 Prior to commencement of construction, Lessee shall obtain the Director's written approval of all plans, specifications and construction cost estimates, using a minimum of three bids or proposals, for the improvements to be constructed upon the demised premises. No modification of said plans, specifications, or improvements, including landscaping, shall be made by Lessee without approval thereof by the Director. Lessee agrees that County may have on the site at any time during the construction an inspector who shall have the right of access to the premises and the construction work.
- 10.4 The parties agree that any delay in the construction due to fire, earthquake, war, labor dispute or other events beyond the control of Lessee shall extend the time in which said construction must be completed by the length of time of such delay.
- 10.5 Lessee shall construct, perform, complete and maintain all construction and installations covered by this Agreement in a good and workmanlike manner and with high quality materials, and shall furnish all tools,

equipment, labor and material necessary to perform and to complete same. Upon completion of the improvements, Lessee shall furnish the Director with one (1) complete set of as-built construction drawings on mylar or its equivalent acceptable to the Director (all circuit breakers, mechanical equipment, switches, plumbing and fire sprinkler section and main valves shall be plainly labeled and a master index shall be provided); operating manuals for building equipment and systems; and copies of all written warranties. Upon termination of this Agreement whether by expiration of term or cancellation, Lessee shall assign to County all express warranties furnished by other persons in connection with the provision of labor and/or material to the works of improvement covered by this Agreement. Upon review by and consultation with County's Risk Manager, Lessee shall provide such insurance coverage as Director may reasonably deem necessary for the contemplated CIP project.

10.6 Commencement of construction shall occur after the Lessee receives an advance payment from the County. The Lessee agrees to commence work within a reasonable timeframe but not to exceed thirty (30) days. The Director may administratively adjust the 30-day schedule when, in the opinion of the Director, circumstances occur that are not the fault of the Lessee which cause a delay to the construction start schedule. If this occurs, the Lessee agrees to put the advanced payment into an interest-bearing account and agrees that all interest accrued be applied to the principal for project costs.

10.7 It is understood that the construction and/or improvements required herein may, at the discretion of Lessee be constructed in phases, each phase being separated from the other by a period of time to be mutually agreed upon by Lessee and the Director. In the event the required construction be phased as herein provided, and subject to the provisions of paragraph 10.4, diligent prosecution thereof shall require commencement of each phase on or before the date selected for

commencement thereof and shall require completion of construction as provided for herein.

- 10.8 In order to ensure the Lessee's performance of a Capital Improvement Program, the County shall deposit ***ten percent (10%) of the total monthly rent, excluding the GCIF payment to county,*** into the CIPF with the County Treasurer. The fund shall name the County as trustee. The distribution of monies so deposited and the interest earned thereon, if any, shall be based upon County's and Lessee's approved Capital Improvement Program.
- 10.9 Upon final approval by the Director of the plans, specifications and construction cost estimates for the capital improvement(s), the Director shall instruct the Auditor-Controller to issue a warrant to the Lessee in the amount of ninety percent (90%) of the construction cost estimate. Upon completion of the capital improvement(s) and acceptance by the Director, the Auditor-Controller shall be instructed by the Director to issue a warrant to the Lessee in the amount of the remaining balance of the actual construction cost.
- 10.10 The monies deposited and accumulated in the Capital Improvement Program fund shall at all times be administered by the County as trustee. At the termination or other expiration of this Agreement, all unexpended funds shall be retained by the County.
- 10.11 It is expressly understood by County and the Lessee that any and all distributions from said Fund shall be used exclusively for Capital Improvements within the demised premises as identified in Section C.

11.0 BONDS

- 11.1 The Lessee shall maintain a performance bond in an amount of not less than one hundred percent (100%) of the costs for each construction project to be performed, as estimated by the Director, payable to the County of Los Angeles and executed by a corporate surety authorized to conduct business as a surety in the State of California. The condition of the bond shall be such that if the Lessee

shall well and truly perform the construction herein required, pursuant to the approved plans and specifications therefor, then surety shall no longer be bound thereon. Said bond shall be maintained in full force and effect by the Lessee until said works of improvement have been accepted by the Director.

11.2 The Lessee shall maintain a performance bond in an amount of not less than one hundred percent (100%) of the costs for each construction project to be performed labor, materials, appliances, teams or power, as estimated by the Director, payable to the County of Los Angeles and executed by a corporate surety authorized to conduct business as a surety in the State of California. The payment shall also inure to the benefit of all claimants, as said term is presently defined by Section 3085 of the State Civil Code, or may hereafter be amended, so as to give such claimants a right of action to recover thereon in any suit brought to foreclose the liens provided for in Title 15 of Part 4 of Division 3 of the Civil Code or in a separate suit brought upon the bond. The condition of the bond shall be such that if the Lessee shall well and truly pay, or cause to be paid, all claims for labor, materials, appliances, teams or power, or either or all performed, furnished or contributed in connection with said works of improvement, then surety shall no longer be bound thereon. Said bond shall be maintained in full force and effect until all claims for labor, materials, appliances, teams or power have been paid as evidenced by release of mechanic's liens by claimants. The cost of said bond may be invoiced to the Capital Improvement Fund, and County shall determine whether said cost may be reimbursed consistent with section 10.0, above.

11.3 The Director may accept in lieu of the bonds heretofore described, the performance and payment bonds of corporations duly authorized to issue surety bonds by the State, naming as principal a licensed contractor employed by the Lessee to construct works of improvement on the demised premises, provided each bond is in an amount equal to

the percentage hereinabove provided; names the County as an additional obligee; contains terms and conditions substantially similar to the requirements heretofore specified; and is satisfactory as to sufficiency and liability of sureties named thereon.

11.4 The Director may also accept in lieu of the bonds heretofore described, the deposit and assignment to County of investment certificates and shares of a savings and loan, provided the deposits are in an amount equal to the face value of the bonds and comply with the requirements, conditions and procedures prescribed for the assignment of such accounts by Charter 436 of the Los Angeles County Code.

11.5 The Lessee shall have the option to deposit with the County, cash or United States Government securities in all respects satisfactory to the Director in lieu of the surety obligations herein required. Said cash or securities shall be deemed deposited with County to secure full and satisfactory performance of the principal obligations heretofore described for which the surety is required and shall be released upon satisfactory performance thereof as evidenced by certification of completion by the Director and release of mechanic's liens by all claimants. In lieu thereof, the Lessee may deposit the required amount in a bank whose deposits are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) or a savings and loan whose deposits are insured under Title 4 of the National Housing Act (12 U.S.C. 1724 et seq.), provided the account is made payable to the County on demand and the certificate of deposit is delivered to the Director. The Lessee shall be entitled to all interest on the deposit and the return of the certificate of deposit upon satisfactory performance as heretofore defined.

12.0 DESTRUCTION OF THE DEMISED PREMISES

12.1 In the event the Demised Premises shall be totally or partially destroyed by a risk covered by the insurance coverage required herein, Lessee shall either restore the premises or terminate this

Agreement. If the destruction is from a risk for which coverage is not required or provided under said policy of insurance, County shall either restore the premises or terminate this Agreement. County shall make the loss adjustment with the insurance company insuring the loss and receive payment of the proceeds of insurance. Said insurance proceeds, if any, shall be held for the benefit of Lessee only in the event of an election by Lessee to restore the premises and shall be disbursed in installments as construction progresses for payment of the costs of restoration upon satisfactory performance of the work required, as evidenced by certification of completion by the Director and release of mechanic's liens by all persons furnishing labor and materials thereon. If the proceeds of insurance are insufficient to pay the actual costs of restoration, Lessee shall deposit the amount of the deficiency with the County upon demand therefor by the Director, and said sums shall be held for payment of said costs and disbursed in the manner heretofore provided. Any undistributed funds shall be retained by County and credited to the rental reserved over the remaining term of this Agreement. In the event Lessee elects to restore the Demised premises, plans, specifications, and construction cost estimates for the restoration thereof shall be prepared by Lessee and forwarded to Director for approval prior to the performance of any work thereon. Said documents shall be prepared and submitted in a timely manner following adjustments of the loss and receipt of the proceeds of insurance by County. The required construction shall be performed by Lessee and/or licensed and bondable contractor(s) thereof who shall be required to carry comprehensive liability and property damage insurance, workers' compensation insurance, and standard fire, and extended coverage insurance, with vandalism and malicious mischief endorsements, during the period of construction, in amounts equal to the insurance limits required herein, or as otherwise determined by the County. Said construction shall be commenced promptly following the

approval thereof by the Director, issuance of permits therefor by governmental agencies having jurisdiction thereover, and posting of the construction site by County with notice of non-responsibility, and shall be diligently prosecuted to completion. All work shall be performed in accordance with the approved plans and specifications, unless changes therein are approved in advance thereof by Director. Lessee agrees that County may have on the site at any time during the construction period an inspector who shall have the right of access to the Demised premises and the work occurring thereon. Lessee, at the commencement of the construction work, shall notify Director in writing of the identity, place of business, and telephone number of responsible person(s) in charge of the construction to be occurring thereon. All construction shall be performed in a good and workmanlike manner. Upon completion of the restoration, Lessee shall immediately record a notice of completion with the Registrar-Recorder.

- 12.2 If the premises are restored, this Agreement shall continue in full force and effect, except that the payment to be made by Lessee shall be abated and/or other relief afforded to the extent that the Director may determine the damage and/or restoration interferes with the agreement operation provided a claim therefor is filed with the Director within one hundred (100) days of notice of election to restore the premises. Any such claim shall be denied if the destruction of the Demised Premises is found by the Director to have been caused by the fault or neglect of Lessee. Lessee agrees to cooperate in the determination of the abatement and/or other relief to be provided by furnishing all information requested relative to the operation, and permitting examination and audit of all accounting records kept in connection with the conduct thereof.
- 12.3 Lessee shall cooperate in the restoration of the Demised Premises by vacating and removing therefrom all items of inventory, trade fixtures,

equipment and furnishings for such periods as are required for the restoration thereof.

- 12.4 The aforesaid provisions for abatement and/or other relief shall also be applicable to a total or partial destruction of the El Cariso Golf Course by the aforementioned causes, except that the relief to be provided shall be based upon the extent the Director may determine that the reduction in the public's use of said park due to the partial or total closure thereof has affected the Agreement.
- 12.5 Lessee agrees to accept the remedy heretofore provided in the event of a destruction of the Demised Premises and hereby waives any and all additional rights and remedies for relief or compensation that are presently available or may hereafter be made available under the laws and statutes of this State.

13.0 CONSTRUCTION BY COUNTY AFFECTING DEMISED PREMISES

- 13.1 In the event County shall construct or cause construction within the Demised Premises, this Agreement shall continue in full force and effect, except that the payments to be made by Lessee shall be abated and/or other relief afforded to the extent that the County may determine the construction interferes with the authorized operations, provided a claim therefor is filed with the Director within one hundred (100) days of commencement of construction.
- 13.2 Lessee agrees to cooperate with County in the event the construction affects the Demised Premises by vacating and removing therefrom all items of inventory, trade fixtures, equipment and furnishings for such periods as are required by the construction of the new facilities. Lessee further agrees to cooperate in the determination of the abatement and/or other relief to be provided by furnishing all information requested relative to the operation and permitting examination and audit of all accounting records kept in connection with the conduct thereof.

- 13.3 Following completion of the new facility, Lessee shall resume its operations therefrom within thirty (30) days of written notice from the Director that the Demised Premises are tenantable.
- 13.4 The aforementioned provisions of this section shall also be applicable in the event of performance of work at the El Cariso Golf Course that requires a partial or total closure thereof, except that the abatement and/or other relief to be provided shall be based upon the extent the Director may determine that the reduction in the public's use of the Demised Premises due to the partial or total closure thereof, has affected the Lessee's operations.
- 13.5 Lessee agrees to accept the remedy heretofore provided in the event of construction upon the Demised Premises and hereby waives any and all additional rights and remedies for relief or compensation that are presently available or may be made available hereafter under the laws and statutes of this State.

14.0 OPERATING RESPONSIBILITIES

14.1 Advertising and Publicity Materials

- 14.1.1 Lessee shall not, nor shall it authorize another to promulgate or cause to be distributed any advertising or publicity materials unless prior approval thereof is obtained from Director. Said approval shall not be unreasonably withheld or delayed. Such materials shall include, but are not limited to: advertising in newspapers, magazines and trade journals, the internet, and radio and/or television commercials.
- 14.1.2 In recognition of the Lessee's need to identify its services and related clients to sustain itself, the County shall not prohibit the Lessee from publishing in any of its bids, proposals, and sales materials that it has been awarded this Agreement by the County of Los Angeles, with the understanding that such materials are to be prepared in a professional manner, and

that the materials are subject to the requirements of this Subsection 14.1.of this Agreement.

14.1.3 Credit for the County

Lessee agrees that any advertising or promotional materials promulgated by Lessee, which contains the words "El Cariso Golf Course", or any derivative thereof, shall also include the phrase "a unit of the County of Los Angeles Department of Parks and Recreation System" with the County seal and the Parks and Recreation Department logos, unless specifically approved otherwise by the Director.

14.2 Compliance with Laws, Rules and Regulations

Lessee shall conform to and abide by all municipal and County ordinances, and all State and Federal laws and regulations, insofar as the same or any of them are applicable; and where permits and/or licenses are required for the Agreement, any related activity, and/or construction authorized herein, the same must be first obtained from the regulatory agency having jurisdiction thereover. Further, Lessee shall conform to and abide by all rules and regulations and policies of the County's Board of Supervisors, the Director of the Department of Parks and Recreation, and any other County agencies insofar as the same or any of them are applicable.

14.3 Lessee's Staff and Employment Practices

14.3.1 Lessee shall maintain adequate and proper staff for its authorized operations. Lessee shall designate an Operations Manager with whom County may deal with on a daily basis. Any person selected by Lessee as an Operations Manager shall be skilled in the management of businesses similar to the operation and shall be subject to approval by the Director. The Operations Manager shall devote substantial time and attention to the operations authorized herein and render such services and convenience to the public as are required. The

Operations Manager shall be fully acquainted with the operation, familiar with the terms and the conditions prescribed therefor by this Agreement, and authorized to act in the day-to-day operation thereof.

- 14.3.2 The Director may at any time give Lessee written notice to the effect that the conduct or action of a designated employee of Lessee is, in the reasonable belief of the Director, detrimental to the interest of the public patronizing the Demised Premises. Lessee shall transfer or reassign any such employee within a reasonable period of time following notice thereof from the Director, and such employee shall not be assigned to any other County Department of Parks and Recreation facility.
- 14.3.3 The Lessee warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Agreement meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Lessee shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Lessee shall retain all such documentation for all covered employees for the period prescribed by law. The Lessee shall indemnify, defend and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Lessee or County or both in connection with any alleged violation of any Federal or State statutes or

regulations pertaining to the eligibility for employment of any persons performing work under this Agreement.

14.3.4 The Lessee establish an identification system for personnel assigned to the starter service which clearly indicates to golf course patrons the name of the person(s) on duty and responsible for collecting greens fees. The identification system shall be furnished at the Lessee's expense and shall include appropriate attire, name badges and/or name plates as specified by the Director

14.3.5 At any time prior to or during the term of this Agreement, the County may require that all of the Lessee's staff performing work under this Agreement undergo and pass, to the satisfaction of the County, a background investigation, as a condition of beginning and continuing to work under this Agreement. The County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the sole expense of the Lessee, regardless if the Lessee's staff passes or fails the background clearance investigation.

14.4 Days and Hours of Operation

The Lessee shall keep said operation open every day, including Sundays and Holidays. The minimum hours of operation shall be the same as for the golf course starter office on each day the said operation is required to be open. Lessee shall post hours of operation in a visible location. Open play on the course may be suspended during periods of inclement weather. Lessee shall comply with the approved schedule of days and hours of operation unless prior written authorization to deviate from said schedule is obtained from the Director. Lessee shall maintain an answering device in the name of

the Lessee and shall respond to any message left by County within a twenty-four (24) hour timeframe.

14.5 Disorderly Persons

Lessee agrees to exercise every reasonable effort to not allow any loud, boisterous or disorderly persons about the Demised Premises.

14.6 Facility Fees and Charges

14.6.1 Green Fees

In accordance with use granted herein, the rates that can be charged to the public for green fees are identified in Exhibit D, County Fees and Charges, which is attached hereto and incorporated herein. Said Fees and Charges are approved and established by the Board of Supervisors and are subject to change by the Board of Supervisors.

14.6.2 Golf Cart Rental Fees

The Director reserves the right to establish the maximum allowable golf cart rental fees.

14.7 Filming

In the event that any filming is proposed to be conducted on the Demised Premises, Lessee will be required to obtain required filming permits from Film LA Inc.

14.8 Golf Clubs/Organizations

Lessee acknowledges that at the golf facility there is presently organized, active and participating responsible golfing organizations that have over long periods have been helpful to the County in the operation and improvement of said golf course. Without granting any special privileges to any person or group, the Lessee agrees to encourage and accommodate these organizations, and to consult with their authorized representatives on matters of mutual interest. Similarly, the Lessee agrees to encourage formation of additional responsible golfers' organizations by users of the golf facility and to consult with them in the same manner.

14.9 Golf Course Evaluation Report

14.9.1 County and Lessee agree that the overall condition and playability of the golf course, and the condition of the buildings thereon is of the primary importance to both parties. As this Agreement specifies the standards of performance deemed necessary for proper maintenance, the County has developed a Golf Course Evaluation Report to document Lessee's performance pursuant to said standards.

14.9.2 The County's Golf Course Evaluation Report, a sample of which will be provided to Lessee and hereafter shall be included herein by this reference, will be completed by an authorized representative(s) of the Director subsequent to a golf course inspection by said representative(s). The County shall make every reasonable effort to conduct such inspections on a regular basis, generally once every three to four weeks, and the Lessee or his authorized representative may be invited to participate in the inspection tour of the premises.

14.9.3 The Director reserves the right to modify, update, and/or amend the general content and format of the Evaluation Report forms in order to provide for a suitable instrument for the documentation of Lessee's performance.

14.10 Habitation

The demised premises shall not be used for human habitation other than a night watchman or patrolman, as specifically approved in writing by the Director.

14.11 Illegal Activities

Lessee shall not knowingly permit any illegal activities to be conducted upon the Demised Premises.

14.12 Prices

Lessee shall at all times maintain and post a complete list or schedule of the prices collected for all fees, charges, goods, rentals, and services, or combinations thereof, supplied to the public on or from the Demised premises. The Director hereby reserves the right to review and approve said fees and any increase requires approval from Director. Said prices shall be fair and reasonable and based upon the following considerations: that the Use Granted is intended to serve the needs of the public for the goods and/or services supplied at a fair and reasonable cost; comparability with prices charged for similar goods and/or services supplied in the Los Angeles Metropolitan Area; and reasonableness of profit margin in view of the cost of providing same in compliance with the obligations assumed in this Agreement. In the event the Director notifies Lessee that prices being charged are not fair and reasonable, Lessee shall have the right to confer with the Director and justify said prices. Following reasonable conference and consultation thereon, Lessee shall make such price adjustments as may be ordered by the Director.

14.13 Public Use

Lessee shall use its best efforts to maximize the public use of the golf course at the demised premises and the facilities thereon.

14.14 Quality of Services

Service to the public is of prime concern to County and is considered a part of the consideration for this Agreement. Therefore, Lessee agrees to operate and conduct its operation in a first-class manner, providing similar activities, programs and services. Lessee, following receipt of written notification therefore, shall immediately withdraw or remove from sale any goods, services, and/or merchandise which may be found objectionable to the Director based on findings that the provision of such terms are not in the best interest of the public welfare.

14.15 Reporting

The Lessee or his representative shall meet with the Director or his representative once every month, and at such other times as may be required by the County to review Lessee's performance under this Agreement and to discuss any problems or matters as determined by the County.

14.16 Safety

14.16.1 Lessee shall immediately correct any unsafe condition of the Demised Premises or unsafe practices occurring thereon, as well as comply with all applicable safety laws. Lessee shall cooperate and comply fully with County, State, Federal or any other regulatory agency having jurisdiction thereover regarding any safety inspections and certifications of any and all Lessee's structures, enclosures, vehicles and/or equipment.

14.16.2 Lessee shall obtain emergency medical care for any member of the public who is in need thereof, because of illness or injury occurring on the Demised Premises and shall cooperate fully with County in the investigation of any accidental injury or death occurring on the Demised Premises. Lessee shall submit a report within twenty-four (24) hours to the Director of any accidental injury or death.

14.16.3 Inclement Weather

Lessee shall make an assessment of the demised premises to determine if it safe for use by the public.

14.17 Sanitation

No offensive matter or refuse, or substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall be permitted or remain on the Demised Premises. Lessee shall provide that all refuse is collected as often as necessary, and in no case less than once a week, and shall

pay all charges which may be made for the removal thereof. Lessee shall furnish all equipment and materials necessary, including trash receptacles of the size, type, color and number required by the Director, to maintain the Demised Premises in a sanitary condition. Public restrooms shall be cleaned on a daily basis.

14.18 Security Devices

Lessee, at its own expense, may provide any legal devices or equipment and the installation thereof, designated for the purpose of protecting the Demised Premises from theft, burglary or vandalism, provided written approval for the installation thereof is first obtained from the Director.

14.19 Signs

Lessee shall not post signs upon Demised Premises or improvements thereon unless prior written approval thereof is obtained from the Director.

14.20 Trade Fixtures

Except as otherwise set forth in this agreement, Lessee shall provide and install all appliances, furniture, fixtures and equipment that are required for the golf course operation as provided for hereinabove. During the last thirty (30) days preceding the termination of this Agreement, Lessee shall remove same from the Demised Premises, other than for those items of personality, which have been furnished by the County or so affixed that their removal therefrom cannot be accomplished without damage to the realty. Should Lessee fail to so remove said appliances, furniture, fixtures, equipment, door locks and padlocks within said thirty (30) day period, Lessee shall lose all right, title and interest in and thereto, and County may elect to keep same upon the Demised Premises or to sell, remove or demolish same. Lessee shall reimburse County for any and all costs, as determined by the Director, incurred in excess of any consideration received from the sale, removal or demolition thereof.

14.21 Use of Facilities: Restrictions

Lessee shall obtain Director's prior written approval of (1) any events or activities not otherwise specifically provided for and authorized herein, or (2) any events or activities requiring the exclusive use of the demised premises or any portion thereof, including, but not limited to: Exclusive-Use Golf Tournaments; and use of facilities by Special Interest Groups.

14.22 Utilities

14.22.1 The Lessee shall provide and pay for all utilities needed to serve the demised premises, including telephone service. The cost of water shall be paid by the County. The telephone number shall be placed in the name of the Lessee and shall not be transferred to any other location. Lessee waives any and all claims against County for compensation for loss or damage caused by a defect, deficiency or impairment of any utility system, water system, water supply system, drainage system, waste system, heating or gas system, electrical apparatus or wires serving the demised premises. Lessee shall not in any way alter or modify any of the County's utilities systems and/or equipment. County will use its best efforts to ensure a reasonable and adequate water supply for irrigation of the demised premises. The Lessee has the obligation to pay all utilities associated with all meters located on the demised premises.

14.22.2 Notwithstanding the above and in addition to the monthly rent, Lessee shall pay to the County a monthly amount equal to \$2,083.33 (Two Thousand Eighty-Three Dollars and Thirty-Three Cents) for partial reimbursement of the water usage cost at the golf course. Said amount shall be identified on the Lessee's monthly rent statement as a separate line item.

14.23 Acceptable Forms of Public Remittance

In addition to cash and checks, the Lessee shall accept at least two (2) major credit cards as a form of payment made by the patrons for the services provided by the Lessee.

15.0 TERMS AND CONDITIONS

15.1 AGREEMENT ENFORCEMENT

15.1.1 The Director shall be responsible for the enforcement of this Agreement on behalf of County and shall be assisted therein by those officers and employees of County having duties in connection with the administration thereof.

15.1.2 Any officers and/or authorized employees of County may enter upon the Demised Premises at any and all reasonable times for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of County within the Demised Premises.

15.1.3 In the event County commences legal proceedings for the enforcement of this Agreement or recovery of the Demised Premises herein, Lessee does hereby agree to pay any sum which may be awarded to the County by the Court for attorney's fees and costs incurred in the action brought thereon.

15.2 COMPLAINTS

The Lessee shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

15.2.1 Within ten (10) business days after the effective date of the Agreement, Lessee shall provide the Director with a policy for receiving, investigating and responding to user complaints.

15.2.2 The Director will review the Lessee's policy and provide the Lessee with approval of said plan or with requested changes.

- 15.2.3 If the Director requests changes in the Lessee's policy, the Lessee shall make such changes and resubmit the plan within five (5) business days for Director's approval.
- 15.2.4 If, at any time, the Lessee wishes to change the Lessee's policy, the Lessee shall submit proposed changes to the Director for approval before implementation.
- 15.2.5 The Lessee shall preliminarily investigate all complaints and notify the Director of the status of the investigation within five (5) business days of receiving the complaint.
- 15.2.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 15.2.7 Copies of all written responses shall be sent to the Director within three (3) business days of mailing to the complainant.

15.3 CANCELLATION

- 15.3.1 Upon the occurrence of any one or more of the events of default hereinafter described in Paragraph 15.14, this Agreement shall be subject to cancellation. As a condition precedent thereto, the Director shall give Lessee ten (10) days notice by registered or certified mail of the date set for cancellation thereof; the grounds therefore; and that an opportunity to be heard thereon will be afforded on or before said date, if request is made therefor.
- 15.3.2 Upon cancellation, County shall have the right to take possession of the Demised Premises, including all improvements, equipment, and inventory located thereon, and use same for the purpose of satisfying and/or mitigating all damages arising from a breach of this Agreement.
- 15.3.3 Action by County to effectuate a cancellation and forfeiture of possession shall be without prejudice to the exercise of

any other rights provided herein or by law to remedy a breach of this Agreement.

15.3.4 Any trustee, beneficiary, mortgagee or lender (hereinafter: Lender) under a hypothecation or mortgage previously approved by the Director shall have the right at any time during the term of this Agreement to undertake any and all action that may be required in order to prevent a cancellation of this Agreement and a forfeiture of the Use Granted. Accordingly, the Director shall send a copy of any intended cancellation of this Agreement to any such Lender whose security would be affected thereby, provided that such Lender shall have previously registered with the Director by written notice specifying the name and address of said Lender; and upon request thereof for postponement, extend the date set therefor by such time as the Director finds reasonable in order to allow said parties to correct the grounds therefor or to provide a new Lessee under a power of sale or foreclosure contained in the hypothecation or mortgage, who upon transfer thereto shall become responsible for the correction thereof within such time as may be allowed by the Director.

15.3.5 In the event that, following service of the Notice of Cancellation of this Agreement under the provisions of this clause, it is determined for any reason that the Lessee was not in default under the provisions of this clause, that the default was excusable under provisions of this clause, or Lessee has, to the satisfaction of the Director, cured any default, the Director shall issue, within five (5) business days, a rescission of the Notice of Cancellation, and the rights and obligations of the parties shall be the same as if the Notice of Cancellation had not been issued.

15.4 COMPLIANCE WITH CIVIL RIGHTS LAW

The Lessee hereby assures that it will comply with Subchapter VII of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement. The Lessee shall comply with Exhibit H, Lessee's EEO Certification.

15.5 COMPLIANCE WITH COUNTY'S SMOKING BAN ORDINANCE

This Lease Agreement is subject to the provisions of the County's ordinance entitled Los Angeles County Code Title 17, Parks, Beaches, and Other Public Places, prohibiting smoking at County Parks ("Smoking Ban Ordinance") as codified in Sections 17.04.185 through 17.04.650 of the Los Angeles County Code.

15.6 LESSEE'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT ENFORCEMENT

Lessee acknowledges that County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Lessee understands that it is County's policy to encourage all County contractors to voluntarily post County's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Lessee's place of business. County's District Attorney will supply Lessee with the poster to be used.

15.7 LESSEE'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Lessee acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Lessee understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby

Law” poster in a prominent position at the Lessee’s place of business. The Lessee will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor’s place of business. The County’s Department of Children and Family Services will supply the Lessee with the poster to be used.

15.8 LESSEE’S WARRANTY OF COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

15.8.1 Lessee acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are currently in paying their property tax obligations (secured and unsecured toll) in order to mitigate the economic burden otherwise imposed upon County and its tax payers.

15.8.2 Unless Lessee qualifies for an exemption or exclusion, Lessee warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Lease will maintain compliance, with Los Angeles County code Chapter 2.206.

15.9 LESSEE’S NON-COMPLIANCE AND LIQUIDATED DAMAGES

15.9.1 In the event the Director determines that there are deficiencies in Lessee's operations authorized and required herein, the Director will provide, as specified herein in the section of this Agreement entitled Events of Default, a written notice to the Lessee to correct said deficiencies within specified time frames.

15.9.2 In the event that Lessee fails to correct the deficiencies within the prescribed time frames the Director may, at his option: (1) use the Security Deposit as provided for herein, (2) exercise its rights under the Sub-Section 15.28, Right of Entry, and/or (3) assess liquidated damages. The parties agree that it would be impracticable or extremely difficult to

fix the extent of actual damages resulting from the failure of the Lessee to comply with the obligations for Use Granted herein authorized and required. The parties hereby agree that under the current circumstances a reasonable estimate of such damage is \$250.00 per day for each day of the period of time that the deficiencies exist, and that Lessee shall be liable to County for liquidated damages in said amount.

15.10 LESSEE RESPONSIBILITY AND DEBARMENT

15.10.1 Responsible Lessee

A responsible Lessee is a Lessee who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Agreement. It is the County's policy to conduct business only with responsible Lessees.

15.10.2 Chapter 2.202 of the County Code

The Lessee is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Lessee on this or other Agreements which indicates that the Lessee is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the Lessee from bidding or proposing on, or being awarded, and/or performing work on County agreements for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing agreements the Lessee may have with the County.

15.10.3 Non-responsible Lessee

The County may debar an Lessee if the Board of Supervisors finds, in its discretion, that the Lessee has done

any of the following: (1) violated a term of an agreement with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Lessee's quality, fitness or capacity to perform an agreement with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

15.10.4 Contractor Hearing Board

1. If there is evidence that the Lessee may be subject to debarment, the Department will notify the Lessee in writing of the evidence which is the basis for the proposed debarment and will advise the Lessee of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Lessee and/or the Lessee's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Lessee should be debarred, and, if so, the appropriate length of time of the debarment. The Lessee and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Lessee has been debarred for a period longer than five (5) years, that Lessee may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Lessee has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Lessee has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will

provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

15.10.5 Subcontractors of Lessee

These terms shall also apply to Subcontractors of County Lessees.

15.11 LESSEE'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

- 15.11.1 Lessee acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through this Agreement are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

- 15.11.2 As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Lessee's duty under this Agreement to comply with all applicable provisions of law, Lessee warrants that it is now in compliance and shall during the term of this Agreement

maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

15.12 CONFLICT OF INTEREST

- 15.12.1 No County employee whose position with the County enables such employee to influence the award of this Agreement or any competing Agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Lessee or have any other direct or indirect financial interest in this Agreement. No officer or employee of the Lessee who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.
- 15.12.2 The Lessee shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. The Lessee warrants that it is not now aware of any facts that create a conflict of interest. If the Lessee hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of

all persons implicated and a complete description of all relevant circumstances.

15.13 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate Lessee's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Lessee's compliance with all Agreement terms and performance standards. Lessee deficiencies that County determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected, will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and Lessee. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

15.14 EVENTS OF DEFAULT

- 15.14.1 The abandonment, vacation or discontinuance of operations on the Demised Premises for more than five (5) days consecutive days, without approval thereof by the Director.
- 15.14.2 The failure of Lessee to punctually pay or make the payments required herein when due, where the delinquency continues beyond ten (10) days following written notice for payment thereof.
- 15.14.3 The failure of Lessee to operate in the manner required by this Agreement, where such failure continues for more than ten (10) days after written notice from the Director to correct the condition.
- 15.14.4 The failure to maintain the Demised Premises and the improvements constructed thereon in the state of repair required herein, and in a clean, sanitary, safe and satisfactory condition, where such failure continues for more

than ten (10) days after written notice from the Director to correct the condition.

- 15.14.5 The failure of Lessee to keep, perform and observe all of the other promises, covenants, conditions and agreements set forth in this Agreement, where such failure continues for more than thirty (30) days after written notice from the Director for correction thereof, provided that where fulfillment of such obligation requires activity over a period of time and Lessee shall have commenced to perform whatever may be required to cure the particular default within ten (10) days after such notice and continues such performance diligently, said time limit may be waived in the manner and to the extent allowed by the Director.
- 15.14.6 Determination by the County, the California Fair Employment and Housing Commission, or the Federal Equal Employment Opportunity Commission of discrimination having been practiced by Lessee in violation of State and/or Federal laws thereon.
- 15.14.7 Transfer of the majority controlling interest of Lessee to persons other than those who are in control at the time of the execution of this Agreement without approval thereof by the Director.
- 15.14.8 Failure of Lessee to keep, perform and observe all other promises, covenants, conditions and agreements set forth herein.

15.15 FAIR LABOR STANDARDS

The Lessee shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising

under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Lessee's employees for which the County may be found jointly or solely liable.

15.16 FORCE MAJEURE

15.16.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Agreement, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this sub-paragraph as "force majeure events").

15.16.2 Notwithstanding the foregoing, a default by a subcontractor of Lessee shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Lessee and such subcontractor, and without any fault or negligence of either of them. In such case, Lessee shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Lessee to meet the required performance schedule. As used in this sub-paragraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

15.16.3 In the event Lessee's failure to perform arises out of a force majeure event, Lessee agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the

damages and reduce the delay caused by such force majeure event.

15.17 GOVERNING LAW, JURISDICTION, and VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Lessee agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

15.18 INDEPENDENT LESSEE

This Agreement is by and between the County of Los Angeles and Lessee and is not intended, and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association, as between County and Lessee. Lessee understands and agrees that all persons furnishing services on behalf of Lessee pursuant to this Agreement are, for purposes of Worker's Compensation Liability, employees solely of Lessee and not of County. Lessee shall bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services on behalf of Lessee pursuant to this Agreement.

15.19 INDEMNIFICATION

15.19.1 Lessee shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Lessee's acts and/or omissions arising from and/or relating to this Agreement. Lessee's duty to indemnify the County, its

agents, officers, and employees shall survive the expiration or other termination of this Agreement.

15.19.2 The County shall retain responsibility for (1) the preexisting environmental and structural conditions of the existing clubhouse facility and the maintenance yard, and (2) the preexisting environmental conditions of the remaining portions of the Demised Premises, and agrees to indemnify, defend and hold harmless Lessee, its officers, directors, employees, or affiliates from and against any and all liability and expense (including reasonable outside attorney fees) resulting from negligent acts or omissions of the County, its Special Districts, elected and appointed officers, employees, predecessor lessee of the golf course and agents for all matters pertaining to the preexisting environmental and structural conditions of (1) the existing clubhouse facility and the maintenance yard, and (2) the preexisting environmental conditions of the remaining portions of the Demised Premises. The County's duty to indemnify Lessee, its officers, directors, employees, or affiliates shall survive the expiration or other termination of this Agreement.

15.20 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting Lessee's indemnification of County, and in the performance of this Lease and until all of its obligations pursuant to this Lease have been met, Lessee shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sections 15.20 and 15.21 of this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Lessee pursuant to this Lease. The County in no way warrants that the Required Insurance is sufficient to protect the Lessee for liabilities which may arise from or relate to this Lease.

15.20.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Lessee's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Lease.
- Renewal Certificates shall be provided to County not less than 10 days prior to Lessee's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Lessee and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Lessee identified as the contracting party in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Lessee, its insurance broker(s) and/or insurer(s), shall be

construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles
Parks and Recreation
Contracts, Golf and Special Districts Division
301 North Baldwin Avenue
Attention: Kandy Hays, Chief

Lessee also shall promptly report to County any injury or property damage accident or incident, including any injury to a Lessee employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Lessee. Lessee also shall promptly notify County of any third party claim or suit filed against Lessee or any of its Sub-Contractors which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Lessee and/or County.

15.20.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured status under Lessee's General Liability policy with respect to liability arising out of Lessee's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Lessee's acts or omissions, whether such liability is attributable to the Lessee or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured

endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

15.20.3 Cancellation of or Changes in Insurance

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

15.20.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

15.20.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

15.20.6 Lessee's Insurance Shall Be Primary

Lessee's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Lessee. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Lessee coverage.

15.20.7 Waivers of Subrogation

To the fullest extent permitted by law, the Lessee hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Lease. The Lessee shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to effect such waiver.

15.20.8 Sub-Contractor Insurance Coverage Requirements

Lessee shall include all Sub-Contractors as insureds under Lessee's own policies, or shall provide County with each Sub-Lessee's separate evidence of insurance coverage. Lessee shall be responsible for verifying each Sub-Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Lessee as additional insureds on the Sub-Contractor's General Liability policy. Lessee shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

15.20.9 Deductibles and Self-Insured Retentions (SIRs)

Lessee's policies shall not obligate the County to pay any portion of any Lessee deductible or SIR. The County retains

the right to require Lessee to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Lessee's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

15.20.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Lease. Lessee understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

15.20.11 Application of Excess Liability Coverage

Lessees may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

15.20.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

15.20.13 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Lessee use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

15.20.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

15.21 INSURANCE COVERAGE REQUIREMENTS

15.21.1 Commercial General Liability

Insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$4,000,000
Products/Completed Operations Aggregate:	\$1,000,000
Personal and Advertising Injury:	\$1,000,000
Each Occurrence:	\$2,000,000

15.21.2 Automobile Liability

Insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Lessee's use of autos pursuant to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

15.21.3 Workers Compensation and Employers' Liability

Insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Lessee will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement

form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Lessee's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

15.21.4 Sexual Misconduct Liability

Insurance covering actual or alleged claims for sexual misconduct and/or molestation with limits of not less than \$2 million per claim and \$2 million aggregate, and claims for negligent employment, investigation, supervision, training or retention of, or failure to report to proper authorities, a person(s) who committed any act of abuse, molestation, harassment, mistreatment or maltreatment of a sexual nature.

15.21.5 Property Coverage

Lessees given exclusive use of County owned or leased property shall carry property coverage at least as broad as that provided by the ISO special causes of loss (ISO policy form CP 10 30) form. The County and its Agents shall be named as an Additional Insured and Loss Payee on Lessee's insurance as its interests may appear. Automobiles and mobile equipment shall be insured for their actual cash value. Real property and all other personal property shall be insured for their full replacement value.

15.21.6 Periods of Construction

During the period(s) of construction as required or authorized herein, and in addition to the aforementioned insurance coverage, Lessee shall provide the following forms and amounts of insurance:

- a. Builder's All-Risk Insurance: Including flood coverage, covering the entire work, against loss or damage until completion and acceptance by the Director. Insurance shall be in an amount for the replacement value of the improvements and endorsed for broad form property damage, breach of warranty, explosion, collapse, and underground hazards. Deductibles shall not exceed five percent (5%) of the construction cost.
- b. Professional Liability: Insurance covering liability arising from any error omission, or negligent act of the Lessee, its officers, employees, contractors, or agents with a limit of not less than One Million Dollars (\$1,000,000) per claim.
- c. Commercial General Liability: Any Contractor performing work pursuant to an approved Capital Improvement Project, shall provide Commercial General Liability Insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits set by County dependent on the scope and nature of the project.
- d. Automobile Liability: Insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Lessee's use of autos pursuant to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.
- e. Asbestos Liability or Contractors Pollution Liability: Insurance is needed if construction requires remediation of asbestos or pollutants. Such insurance shall cover

liability for personal injury and property damage arising from the release, discharge, escape, dispersal, or emission of asbestos or pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring, and treatment of asbestos in compliance with governmental mandate or requests. If the asbestos or pollutant will be removed from the construction site, asbestos or pollution liability is also required under the Lessee's or Lessee's contractor Automobile Liability Insurance. Lessee or Lessee's contractor shall maintain limits of not less than \$(determined on a project by project basis) for this project.

- f. Performance Security Requirements: Prior to the beginning of construction, Lessee shall require its contractor to file surety bonds with the Lessee and the County if required in the amounts and for the purposes noted below. All bonds shall be duly executed by a solvent surety company that is authorized by the State of California, is listed in the United States Department of the Treasury's Listing of Approved Sureties Treasury (Circular 570) and is satisfactory to the County, and it shall pay all premiums and costs thereof and incidental thereto (see www.fms.treas.gov/c570/).

Each bond shall be signed by the Lessee's Contractor (as Principal) and the Surety.

The Lessee's contractor shall give two surety bonds with good and sufficient sureties: the first in the sum of not less than 100% of the Project price to assure the

payment of claims of material men supplying materials to Lessee's contractor, subcontractors, mechanics, and laborers employed by the Lessee's contractor on the Project, and the second in the sum of not less than 100% of the Project price to assure the faithful performance of the Project Contract.

1. The "Materials and Labor Bond" (or "Payment Bond") shall be so conditioned as to inure to the benefit of persons furnishing materials for, or performing labor upon the Work. This bond shall be maintained by the Lessee's contractor in full force and effect until the Work is completed and accepted by the Lessee and County if required, and until all claims for materials, labor, and subcontracts are paid.
2. The "Bond for Faithful Performance" shall be so conditioned as to assure the faithful performance by the Lessee's contractor of all Work under said Project contract within the time limits prescribed, including any maintenance and warranty provisions, in a manner that is satisfactory and acceptable to the Lessee and County if required; that all materials and workmanship supplied by Lessee's contractor will be free from original or developed defects, and that should original or developed defects, or failures appear within a period of one year from the date of Acceptance of the Work by the Lessee and County if required, the Contractor shall, at Contractor's own expense, make good such defects and failures, and make all replacements and adjustments required,

within a reasonable time after being notified by the Lessee to do so, and to the approval of County if required. This bond shall be maintained by the Lessee's contractor in full force and effect during the performance of the Project and for a period of one year after acceptance of the Work by the Lessee and County if required.

Should any surety or sureties upon said bonds or any of them become insufficient, or be deemed unsatisfactory by the Lessee or County, said Contractor shall replace said bond or bonds with good and sufficient sureties within ten (10) days after receiving notice from the Lessee or County that the surety or sureties are insufficient or unsatisfactory.

No further payment shall be deemed due, or will be made under this Contract until the new sureties shall qualify and be accepted by the Lessee and County.

15.22 NON-DISCRIMINATION AND AFFIRMATIVE ACTION

- 15.22.1 The Lessee certifies and agrees that all persons employed by it, its affiliates, subsidiaries or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.
- 15.22.2 The Lessee shall certify to and comply with the provisions of Exhibit H, Lessee's EEO Certification.
- 15.22.3 The Lessee shall take affirmative action to ensure that qualified applicants are employed, and that employees are

treated during employment, without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- 15.22.4 The Lessee certifies and agrees that it will deal with its subcontractors, bidders and vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 15.22.5 The Lessee certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any other project, program, or activity supported by this Agreement.
- 15.22.6 The Lessee shall allow County representatives access to the Lessee's employment/volunteer records during regular business hours to verify compliance with the provisions of this Sub-Paragraph 15.22 when so requested by the County.
- 15.22.7 If the County finds that any provisions of this Sub-Paragraph 15.22 have been violated, such violation shall constitute a

material breach of this Agreement upon which the County may terminate or suspend this Agreement. While the County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Lessee has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by County that Lessee has violated the anti-discrimination provisions of this Agreement.

15.22.8 The parties agree that in the event Lessee violates the non-discrimination provisions of this Agreement, County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code 1671 as liquidated damages in lieu of canceling, terminating or suspending this Agreement.

15.23 NOTICE TO EMPLOYEES REGARDING FEDERAL EARNED INCOME CREDIT

The Lessee shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015, Exhibit F.

15.24 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Lessee shall notify and provide to its employees, and shall require each subcontractor notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit G of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

15.25 NOTICES

Any notice required to be given under the terms of this Agreement or any law applicable thereto may be: (1) delivered by personal service; facsimile or email or (2) placed in a sealed envelope, with postage paid, return receipt requested, addressed to the person on whom it is to be served, and deposited in a post office, mailbox, sub-post office, substation or mail chute, or other like facility regularly maintained by the United States Postal Service. The address to be used for any notice served by mail upon Lessee shall be American Golf Corporation Holdings-El Cariso LLC, Attention: Keith Brown, 2951 28th Street, Santa Monica, CA 90405. The address to be used for any notice served by mail upon County shall be Department of Parks and Recreation, 301 North Baldwin Avenue, Arcadia CA 91007, Attention: Golf Operations, or such other place as may hereafter be designated in writing to Lessee by the Director. Service by mail; facsimile or email and shall be deemed complete upon deposit in the above mentioned manner.

15.26 PUBLIC RECORDS ACT

15.26.1 Any documents submitted by Lessee; all information obtained in connection with the County's right to audit and inspect Lessee's documents, books, and accounting records pursuant to Paragraph 8.0 of this Agreement; as well as those documents which were required to be submitted in response to the solicitation process for this Agreement, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any

such records including, without limitation, those so marked, if disclosure is required by law, or by an order of court of competent jurisdiction.

- 15.26.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Lessee agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in any action or liability arising under the Public Records Act.

15.27 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Lessee agrees to use recycled-content paper to the maximum extent possible on this Agreement.

15.28 RIGHT OF ENTRY

- 15.28.1 Any officers and/or authorized employees of the Corps of Engineers and County may enter upon the Demised Premises at any and all reasonable times for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of the County within the Demised Premises.

- 15.28.2 In the event of an abandonment, vacation or discontinuance of operations for a period in excess of five (5) days, Lessee hereby irrevocably appoints County as an agent for continuing operation of the use granted herein, and in connection therewith authorizes the officers and employees thereof to (1) take possession of the Demised Premises, including all improvements, equipment and inventory

thereon; (2) remove any and all persons or property on said Demised Premises and place any such property in storage for the account of and at the expense of Lessee; (3) sublease or sublicense the Demised Premises; and (4) after payment of all expenses of such subleasing or sublicensing, apply all payments realized therefrom to the satisfaction and/or mitigation of all damages arising from Lessee's breach of this Agreement. Entry by the officers and employees of County upon the Demised Premises for the purpose of exercising the authority conferred hereon as agent of Lessee shall be without prejudice to the exercise of any other rights provided herein or by law to remedy a breach of this Agreement.

15.28.3 No re-entry or taking of the Demised Premises by County pursuant to Sub-Paragraph 15.28.2 of this section shall be construed as an election to terminate this Agreement unless a written notice of such intention is given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction.

15.29 SEVERABILITY

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall not be affected thereby and shall remain in full force and effect.

15.30 SUBLEASES

15.30.1 Lessee shall not, without the prior written consent of the Director, sublease any portion of the Demised premises, or sublease any of the operation or activities authorized or required by this Agreement.

15.30.2 In the event the County determines that the Lessee has violated the sublease provision contained herein, the same

shall constitute a material breach of Agreement upon which the County may determine to cancel, terminate, or suspend this Agreement, or assess liquidated damages. The parties agree that it would be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Lessee to comply with the sublease provision. The parties hereby agree that under the current circumstances a reasonable estimate of such damage is Two Hundred Dollars (\$200.00) and that the Lessee shall be liable to County for liquidated damages in said amount.

15.31 SURRENDER OF DEMISED PREMISES

- 15.31.1 Upon termination, expiration of the term hereof, or cancellation thereof as herein provided, Lessee shall peaceably vacate the Demised premises and any and all improvements located thereon and deliver up the same to County in a reasonably good condition, ordinary wear and tear excepted, subject to the right of County to demand removal thereof to the extent that Paragraph 3.6 hereinbefore may be applicable thereto.
- 15.31.2 Upon expiration of the term, Lessee shall execute and deliver to County within thirty (30) days after service of written demand, a good and sufficient quitclaim deed of the Lessee's interest in this Agreement and the Demised premises. Should Lessee fail or refuse to deliver to County a quitclaim deed as aforesaid, a written notice by County reciting the failure of the Lessee to execute and deliver the quitclaim deed shall, after ten (10) days from the date of recordation of the notice, be conclusive evidence against Lessee and all persons claiming under Lessee, of the termination of this Agreement.

15.32 TAXES AND ASSESSMENTS

15.32.1 The property interest conveyed herein may be subject to real property taxation and/or assessment thereon, and in the event thereof, Lessee shall pay before delinquency all lawful taxes, including but not limited to possessory interest taxes, assessments, fees or charges which at any time may be levied by the State, County, City or any other tax or assessment-levying body upon the Demised premises and any improvements located thereon.

15.32.2 Lessee shall also pay all taxes, assessments, fees and charges on goods, merchandise, fixtures, appliances and equipment owned or used therein.

15.33 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN CHILD SUPPORT COMPLIANCE

Failure of Lessee to maintain compliance with the requirements set for in Sub-section 15.11, Lessee's Warranty of Adherence to County's Child Support Compliance Program, shall constitute a default by Lessee under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure to cure such default within 90 days of notice by the Los Angeles County District Attorney shall be grounds upon which the County Board of Supervisors may terminate this Agreement pursuant to Sub-Section 15.3, Cancellation.

15.34 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Failure of Lessee to maintain compliance with the requirements set for in **Paragraph** 15.8, Lessee's Warranty of Compliance with County's Defaulted Property Tax Reduction Program, shall constitute default under this Lease. Without limiting the rights and remedies available to County under any other provisions of this contract, failure of Lessee to cure such default within 10 days of notice shall be grounds upon which

County may terminate this Lease and/or pursue debarment of Lessee, pursuant to County code chapter 2.206.

15.35 TERMINATION FOR IMPROPER CONSIDERATION

15.35.1 County may, by written notice to Lessee, immediately terminate the right of Lessee to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Lessee, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment or extension of the Agreement or the making of any determinations with respect to the Lessee's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Lessee as it could pursue in the event of default by the Lessee.

15.35.2 Lessee shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the Auditor-Controller's Fraud Hotline at (800) 544-6861 or to such other number as may be provided to Lessee in writing by County

15.35.3 Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

15.36 TERMINATION FOR INSOLVENCY

15.36.1 The County may terminate this Agreement forthwith in the event of the occurrence of any of the following:

- Insolvency of the Lessee. The Lessee shall be deemed to be insolvent if it has ceased to pay its

15.36.2 To the extent permitted by law, the County may terminate this Agreement forthwith in the event of the occurrence of any of the following:

- The filing of a voluntary or involuntary petition regarding the Lessee under the Federal Bankruptcy Code;
 - The appointment of a Receiver or Trustee for Lessee;
- or

15.36.3 The rights and remedies of County provided in this Sub-Section 15.36 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

15.37 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

Lessee and each County Lobbyist or County Lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessee, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code 2.160. Failure on the part of Lessee or any County Lobbyist or County lobbying firm retained by Lessee to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

15.38 TERMINATION UPON TRANSFER OF TITLE OR GOLF COURSE CLOSURE

15.38.1 Notwithstanding any other provision of this Agreement, in the event the County transfers its interest in the Demised

Premises to a governmental agency (assignee), the County reserves the right to: terminate this Agreement; or provided there is consent by an assignee, assign the County's interest in this Agreement to said assignee. County shall provide the Lessee with notice of termination or assignment of this Agreement pursuant to this provision.

- 15.38.2 Notwithstanding any other provision of this Agreement, in the event the County closes the Demised Premises, this Agreement shall be terminated upon the effective date of such closure. Upon the effective date of closure, Lessee shall immediately cease its operations, and within fifteen (15) days therefrom remove all items of its personal property, equipment, and inventory. County shall provide advance notice to the Lessee of such closure.

15.39 TRANSFERS

- 15.39.1 Lessee shall not, without written consent of the Director, transfer, assign, sublicense, hypothecate or mortgage this Agreement. Any attempted transfer, assignment, sublicense, hypothecation or mortgage without the written consent of the Director shall be null and void, and shall constitute a material breach of this Agreement.
- 15.39.2 Each and all of the provisions, agreements, terms, covenants and conditions herein contained to be performed by Lessee shall be binding upon any transferee thereof.
- 15.39.3 The use granted shall not be transferable by testamentary disposition or the State laws of interstate succession, as the rights, privileges, and use conferred by this Agreement shall terminate prior to the date for expiration thereof in the event of the death of Lessee occurring within the term herein provided. Additionally, neither this Agreement nor any interest therein shall be transferable in proceedings in

attachment or execution against Lessee, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Lessee, or by any process of law including proceedings under Chapter X or XI of the Bankruptcy Act.

- 15.39.4 Shareholders and/or partners of Lessee may transfer, sell, exchange, assign or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment or divestment is affected in such a way as to give majority control of Lessee to any persons, corporation, partnership or legal entity other than the majority controlling interest therein at the time of the execution of this Agreement, the Director's approval thereof shall be required. Consent to any such transfer shall be refused if the Director, in his sole discretion, finds that the transferee is lacking in experience and/or financial ability to conduct the operation of the El Cariso Golf Course.
- 15.39.5 The prohibition herein contained shall not be applicable with respect to transfers of this Agreement arising from the exercise of a power of sale or judicial foreclosure pursuant to the terms and conditions of a hypothecation or mortgage previously approved by the Director.
- 15.39.6 In the event Lessee submits a request for Director's prior written consent to give, assign, transfer, delegate, or grant control of this Agreement, and Director gives written consent, a transfer fee equal to \$50,000 or two percent (2%), whichever is greater, of the gross sale price shall be paid to County. Said sum shall be payable to the County of Los Angeles Department of Parks and Recreation in full either within thirty (30) days after said consent is given or prior to the close of any escrow, whichever occurs first. Prior to

Director's consent to such assignment, the assignor shall first deliver to assignee a written schedule of all sums due and owing to County from the assignor with such schedule in a form subject to the approval of the Director in all respects, and second, shall deliver to Director, as part of the acceptance of the assignment, a written acknowledgment by the assignee that the assignee (a) affirms the sums due and owing to County and (b) accepts responsibility for payment of such sums directly to County. Exempted from said transfer fee shall be the following:

- a. A transfer of an undivided interest in the agreement between affiliated entities which results in a change in method of holding title, but does not result in a change to the proportional interests held by the affiliated entities prior to the transfer;
- b. An assignment which serves as security for the repayment of a loan from any lender, but which does not entitle the assignee to an immediate right to use, occupy, possess or receive the rents or profits from the agreement for so long as the assignor makes the required periodic payments and complies with other provisions of the loan;
- c. Such other assignment for which the Director, in his sole discretion, determines that the ownership interests in the agreement have remained unchanged, such as a change in the legal or fictitious name of the Lessee without any other change in the equity, in beneficial use of, or legal title to the agreement as an asset, or the income produced thereby. The Director's decision in such cases shall be appealable to the Board of Supervisors within ten (10) days after receipt of written

notice of the Director's decision. Any such appeal request shall be accompanied by a Certificate of Deposit filed with the Director in the full amount of the transfer fee; the Certificate of Deposit shall be payable to County of Los Angeles Department of Parks and Recreation, and the interest thereon shall accumulate, but the principal sum and interest shall remain the property of Lessee in the event the Director's decision is reversed.

15.40 WAIVER

- 15.40.1 Any waiver by County of any breach of any one or more of the covenants, conditions, terms and Agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or Agreement herein contained, nor shall failure on the part of County to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Agreement or estopping County from enforcing the full provisions thereof.
- 15.40.2 No delay, failure, or omission of County to re-enter the Demised Premises or to exercise any right, power, privilege or option, arising from any default, nor any subsequent acceptance of payments then or thereafter accrued shall impair any such right, power, privilege or option, or be construed as a waiver of or acquiescence in such default or as a relinquishment of any right.
- 15.40.3 No notice to Lessee shall be required to restore or revive "time of the essence" after the waiver by County of any default.

15.40.4 No option, right, power, remedy or privilege of County shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given County by this Agreement shall be cumulative.

15.41 WARRANTY AGAINST CONTINGENT FEES

15.41.1 The Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any Agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Lessee for the purpose of securing business.

15.41.2 For breach of this warranty, the County shall have the right to terminate this Agreement and, at its sole discretion, deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

15.42 ARTIFICIAL TRANS FAT REDUCTION PROGRAM

15.42.1 Lessee agrees that it will participate in the County's Artificial Trans Fat Reduction (ATFR) Program, which mandates that no foods containing 0.5 grams or more of artificial trans fat per serving be stored, distributed, held for service, and/or used in the preparation of any menu item or in the Demised Premises, except for food that is being served directly to consumers in a manufacturer's original sealed package, as more specifically set forth in Exhibit I hereto. Lessee shall provide the written certification attached hereto as Exhibit J stating that it has reviewed and is familiar with the requirements of the ATFR Program and will promptly obtain approval as a participant from the County's Public Health

Department. Further information can be found at www.lapublichealth.org.

- 15.42.2 Within 5 days of the County's execution of this Lease, Lessee shall submit to the County's Public Health Department all required application materials for participation in the ATFR Program, and shall thereafter diligently pursue approval as an ATFR participant. Lessee's failure to do either of the foregoing shall constitute a material breach of this Lease and shall be grounds for immediate termination by the County. County shall have the right, in its sole discretion, to extend the time limit for submission of any and all application documents.
- 15.42.3 Upon County's approval of the Lessee's participation in the ATFR Program, Lessee shall have the same rights and obligations as any voluntary member of the ATFR Program (e.g., use of Program decal/logo, status updating, etc.), except for the right to terminate participation and as otherwise set forth herein.
- 15.42.4 In addition to any remedies provided the County by the ATFR Program's rules, any failure by Lessee to comply with the ATFR Program standards shall constitute a material breach of this Lease entitling the County to terminate the Lease in its entirety or, if the Lessee provides service to multiple Demised Premises, with respect to the non-compliant facility. Prior to and/or in lieu of termination, the County may also, at its discretion, do any or all of the following:
 - a. Impose liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from Lessee's breach of this Section 15.43. The parties hereby agree that under the

current circumstances a reasonable estimate of such damages is \$100 per day per non-compliant facility and that Lessee shall be liable to County for that amount.

- b. Require removal of all ATFR Program logo, signage and other advertising materials from the non-compliant Demised Premises and from any other location where such materials are used by the Lessee, including without limitation menus, menu boards, and dining table tent cards.
- c. Require Lessee to cure its non-compliance with ATFR Program standards within a period prescribed by the County, in its discretion.

15.43 LESSEE PERFORMANCE

The County maintains databases that track/monitor lessee performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

15.44 USE OF EXPANDED POLYSTYRENE (EPS) FOOD CONTAINERS

The Lessee is required to comply with the County's policy on restricting its purchase and use of EPS food containers on County-owned facilities.

15.45 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

The Lessee shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Lessee shall also maintain accurate and complete employment and other records relating to its performance of this Contract. The Lessee agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled

checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, appropriate documentation for voided transactions (including approval for the void), and proprietary data and information, shall be kept and maintained by the Lessee and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Lessee at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Lessee shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

15.45.1 In the event that an audit of the Lessee is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Lessee or otherwise, then the Lessee shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Lessee's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

15.45.2 Failure on the part of the Lessee to comply with any of the provisions of this Sub-paragraph 15.45 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

15.45.3 If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Lessee regarding the work performed under this Contract, and if such

audit finds that the County's dollar liability for any such work is less than the payments made by the County to the Lessee, then the difference shall be either: a) repaid by the Lessee to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Lessee from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Lessee, then the difference shall be paid to the Lessee by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

15.45.4 If the County notifies the Lessee that the Lessee did/does not, to the reasonable satisfaction of the County (1) adequately maintain the documents required under Section 15.45 of the contract, and/or (2) did/does not have adequate internal controls, such that financial records could contain errors and/or omissions that would not be prevented and/or detected in the normal course of business, and/or (3) if the County is not able to reasonably determine whether the Lessee reported and paid the correct amount due to the County under this contract, then the County will assess penalties specified in this section upon the Lessee.

15.45.5 The parties hereby agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Lessee to meet the requirements of this section of the contract, and that a reasonable estimate of such damages shall range from (1) one percent (1%) to three percent (3%) for the period of time that the County determines the Lessee did not meet the requirements under this section

of the contract, and/or (2) termination of this contract, determined at the sole discretion of the County.

- 15.45.6 In the event the County hires an Independent Certified Public Accounting firm (CPA) to perform an audit of the Lessee's gross receipts and/or payments to the County, and if the CPA concludes that, due to inadequate records maintained by the Lessee, the CPA is unable to issue an unqualified opinion as to gross receipts for the Lessee, the CPA may employ alternative methods to impute rent for the period of inadequate records and calculate rent due. The CPA (or the County) may use the Lessee's gross receipts last audited (in which an unqualified audit opinion was expressed), inflated by the Consumer Price Index for All Urban Consumers for the Los Angeles, Riverside, and Orange County areas. Interest/late fees may also be separately applied. In addition, the County may require the Lessee to pay for the cost of the CPA's audit.
- 15.45.7 In the event the County and/or a CPA firm concludes that the Lessee under-reported Gross Receipts to the County, and that under-reporting is equal to or greater than five percent (5%) of the current or previous year's Gross Receipts reported by the Lessee, as determined at the sole discretion of the County, the Lessee shall pay for the cost of the CPA's audit and/or the County's review (including County costs associated with the CPA's audit, such as monitoring the audit, etc.).
- 15.45.8 Lessee shall at all times during contract period and for five (5) years after the termination/expiration of the contract, keep, or cause to be kept, locally, to the reasonable satisfaction of the County true, accurate, and complete records for all accounting years covered by this contract. Records will show all transactions relative to the conduct of operations, and be

supported by data of original entry. Records shall detail transactions conducted on or from the premises separate and apart from those in connection with Lessee's other business operations, if any.

- 15.45.9 All sales and/or services shall be recorded by cash registers or computers which automatically issue a customer's receipt or certify the amount in a sales slip. Cash registers shall have locked in sales totals and transaction counters that constantly accumulate and cannot be reset, and issue a tape (or other equivalent security mechanism) that imprints sequential transaction numbers and sales details. Beginning and ending cash register readings shall be made a matter of daily record. Signs shall be visibly posted near all cash registers requesting the payer to ask the cashier for a receipt and, if possible, the sign should include a sample of the appropriate receipt.

16.0 UNIQUE TERMS AND CONDITIONS

16.1 Initial Investment

Lessee shall invest a minimum of \$35,000 to provide for, but not limited to, the following tasks: maintenance equipment replacement, installation of Lessee's proprietary Point-of-Sale System (POS) and cash handling security systems.

16.2 Maintenance Yard and Property Clean Up

At the commencement of the term of this Lease, the initial clean up of the Leased Premises and the maintenance yard shall be funded by the County, in an amount not to exceed \$20,000.00.

16.3 Clubhouse Demolition and Temporary Facilities

County and Lessee acknowledge and agree that the existing clubhouse will be closed and temporary facilities installed as soon as possible following the commencement date of this Lease and both parties shall use their best efforts to expedite the closing and demolition of the clubhouse. The demolition of the clubhouse, preparation of the sites chosen for the

installation of the temporary facilities, and the furnishing of the temporary facilities shall be funded by the County, except as otherwise set forth Section 6.2 of this agreement.

16.4 Major Repairs and Capital Expenditures

To the extent that funds are available, all Capital Expenditures and major repairs shall be funded by the County. Except as otherwise set forth in Section 10.0, Lessee shall not have responsibility or obligation to replace existing structures or major equipment, or perform major repairs or capital improvements. For the purposes of this Lease, a "major repair or capital improvement" shall mean the refurbishment or replacement of an item (or a project) which extends the useful life of the Leased Premises (or a portion thereof), which the County will retain title to at the end of the term of the Lease, and is not considered in County's sole discretion, to be normal or routine maintenance. Examples include, but are not limited to, A/C replacement, major kitchen appliance replacement, pump-house replacement, driving range netting replacement and plumbing replacement.

17.0 TERMINATION FOR CONVENIENCE BY LESSEE

During the first three (3) years of the term of this Lease, the Lessee may at any time terminate this Agreement, provided the Lessee is in compliance with the terms and conditions of this Lease. Termination of this Agreement hereunder shall be effected by delivery to the Director of a written notice of termination for convenience from Lessee and the date upon which such termination shall become effective. The date upon which such termination becomes effective shall be no less than one hundred eighty (180) days after notice.

18.0 ENTIRE AGREEMENT

This document and the Exhibit(s) attached hereto constitute the entire Agreement between County and Lessee for the use granted at the El Cariso County Golf Course for the management, operation and maintenance of a golf course facility. All other agreements, promises and representations with respect thereto, other than contained herein, are expressly revoked, as it has been the

intention of the parties to provide for a complete integration within the provisions of this document, and the Exhibit(s) attached hereto, the terms, conditions, promises and covenants relating to the management, operation and maintenance of a golf course facility and the Demised Premises to be used in the conduct thereof. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions thereof unenforceable, invalid or illegal.

19.0 AUTHORIZATION WARRANTY

Lessee represents and warrants that the signatory to this Agreement is fully authorized to obligate Lessee hereunder and that all corporate acts necessary to the execution of this Agreement have been accomplished.

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IN WITNESS WHEREOF, Lessee has executed this Agreement, or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Lease Agreement to be executed on its behalf by the Director of the Department of Parks and Recreation, the month, the day and year first above written.

COUNTY OF LOS ANGELES

By _____
Russ Guiney, Director
Department of Parks and Recreation

LESSEE
AGC Holdings-El Cariso, LLC

By _____

APPROVED AS TO FORM:

JOHN KRATTLI

Acting County Counsel

By _____
Christina A. Salseda
Principal Deputy County Counsel